Minimum supply of social housing, Eastern Metropolitan Region (2016-2036)

Executive Summary

The Eastern Affordable Housing Alliance (EAHA) includes Knox, Manningham, Maroondah, Monash, Whitehorse and Yarra Ranges. These local government areas also form the Eastern Metropolitan Region of Melbourne.

The following data highlights considerable differences in local conditions between member councils in terms of the number of households in 'need'; the size of the existing social housing supply; and the availability of affordable private rentals in each. Each of these factors work in concert to affect the local and regional social housing shortfall.

Features of the 2017 review include:

- **An EAHA 'target market'** of very low-income households that do not own-their-own home, currently (2016) **estimated at 17,270 households.**
- **Higher than average 'need' (size of target market) in Monash and Whitehorse,** at 7.3% and 6.6% of total households respectively. This compares with the EAHA average of 5.1%, and the average for Greater Melbourne of 5.9%.

  This is possibly associated with large (low income) student populations in these areas.
- **An EAHA supply of 7,272 social housing dwellings**[1] (June, 2015), ranging by location from as low as 333 dwellings in Manningham, to 1500+ in Monash (1808) and Whitehorse (1577).
- Based on the latest (2016) Census data a **below (Greater Melbourne) average rate of social housing supply in *every* Council in the EAHA,** particularly Manningham (0.6% of total households) and Yarra Ranges (1.1%). This compares to the EAHA regional average of 1.9%, and the Greater Melbourne average of 2.6%[2].
- **An EAHA regional supply of affordable private rentals** currently (2017) estimated at **approximately 2040 dwellings.**

  Current availability of affordable private rentals varies from as low as 1.4% of private rental properties in Manningham; between 2-4% of rentals in Whitehorse (2%), Monash (2.3%); Maroondah (3.2%) and Knox (3.8%); to as high as 7.5% of private rental properties in Yarra Ranges.

[1] DHHS data as reported in Local Government Area (LGA) Profile, June, 2016

[2] Based on 2016 Census data on households by tenure (place of enumeration data). Note that the number of social housing dwellings reported in the Census is always lower than DHHS data due to households either not stating tenure or not in situ at the time of the Census.

This is consistent with the Real Estate Institute of Victoria (REIV) commentary that 'the highest availability of affordable rental homes is now in regional Victoria and what little affordable rental homes were available in Melbourne's middle suburbs, has all but disappeared.'

- **A current** (2016) **proportion of 'need' that can be met by existing social housing together with the (estimated) supply of affordable private rentals within the EAHA approximated at 54%** (7272 social housing units plus an estimated 2040 affordable rentals, to service a target market within the region of 17,270).
- Capacity to meet low-cost housing need varies considerably within the EAHA councils. Current levels of social and affordable rental housing can meet the low-cost housing needs of (at best) 93% of target households in Maroondah, to only one in five (21%) of relevant households in Manningham.

  Without intervention, the capacity to meet low-cost housing needs will continue to *decline* in all local government areas in the EAHA (Tables 2.2 to 2.7 below)

  It can only be assumed that the lowest income households in the EAHA that fall outside this capacity level, are experiencing significant rental stress and financial hardship. The more money spent on rent, the less these households have for other basic necessities.
- Culmination of the above components to create a **social housing shortfall of 7970 within the EAHA in 2016,** and increasing to **11,420 by 2036** if action is not taken.

Key changes since the last review

Social housing need in the EAHA was first assessed in 2010, with two reviews undertaken since, in 2014, and the present, 2017 update.

- There has been a **7% increase** (1190 households) **in number of households** in the EAHA **within the 'target' market**, increasing from an estimated 16,080 households in 2014, to 17,270 in 2017.
- Over the same time, **growth in the amount of social housing stock in the EAHA has *slowed*.** The net number of social housing dwellings grew on average at 176 additional dwellings per annum between the 2010 and 2014 data reviews[3]; and by 74 per annum in more recent years[4] (based on 2012-2015 DHHS housing stock data). This equates to a total increase of 222 social housing dwellings since the 2014 review.
- According to Census data **the supply of social housing stock in every EAHA municipality continues to be below the metropolitan average**.

  Regional supply has remained at 1.9% over the past three Censuses. This compares with a Greater Melbourne supply that has steadily contracted – from 3% of total households in (2006); to 2.9% (2011); and 2.6% (2016).
- Since the review in 2014 there **has been a reduction in *affordable rentals* in *all* EAHA municipalities.** This has been most marked among outer suburban members of the EAHA (Knox, Maroondah and Yarra Ranges), as even those areas at greater distance from the Melbourne CBD, become less affordable.
- **Capacity to meet low-cost housing need for the region as a whole continues to *contract*** from the benchmark for the EAHA in 2010 (65%), to 59% by review in 2014, and 54% as per the current assessment.

[3] Based on 2006-2012 data on social housing stock.
[4] Based on 2012-2015

Between 2014 and 2017 there was a marginal (1.1%) contraction in the supply of low-cost housing (the increase in social housing has been largely offset by the loss of affordable rentals). This compares with a 7% increase in 'need' for low-cost housing options.

There can be no surprise then, that the ability to meet low-cost housing need has contracted.

Introduction

Housing affordability is a growing problem in the Eastern Region of Melbourne (and Australia-wide). While many of the factors that influence housing affordability are structural and beyond the control of local government, a clear understanding of the scale of affordable housing needs in the region is the first step to enabling a response to increasing affordability.

1. Quantifying social housing need

For the purposes of quantifying local affordable housing need, the following methodology focuses on **social housing** (as a subset of the broader affordable housing umbrella) as this responds to the needs of the most vulnerable and disadvantaged households in the region, and is an area where Council has greater capacity for influence.[5]

The methodology was developed by Knox City Council in response to a commitment (September, 2010) to a series of strategies and actions to strengthen the council's approach to affordable housing. One of these strategies was to identify the need for affordable housing, provide a definition and set targets for Knox, subsequently dealt with in the paper 'Defining affordable housing and a minimum supply of social housing in Knox' (September, 2011)

It was recommended that a minimum supply of social housing figure be calculated based on benchmarking to local 'need', defined as the number of very low-income, non home-owning households -as adjusted to reflect the supply of social housing dwellings and availability of affordable private lettings.

The method of calculating social housing needs and a timeframe for how needs could be met up to 2030, was subsequently adopted by Council in early 2012.

The data in that paper was updated to build on data from the 2011 Census (and 2014 minimum supply estimates published in May, 2015). **The current document further updates the data, building upon 2016 Census data as a base, with social housing needs, and the timeframe for meeting these needs, forecast out to 2036.**

Quantifying social housing need at a regional level will provide social housing providers (such as the State government and Registered Housing Associations) a basis for targeting developments in the region to meet local need; inform negotiations with private housing developers for voluntary contributions to affordable/social housing; and provide baseline data against which policy intervention or change in the affordable housing supply in the region can be monitored. Identifying a minimum social housing supply figure also assists with advocacy and in highlighting the affordable housing issue in marketing and communications.

[5] Council is better positioned to influence the public sector, social housing market in partnership with social housing providers rather than affordable housing which is largely a function of the private sector housing market (home purchase and private rental) The primary means for influencing private development (through the Victorian Planning System) does not allow Councils to require developers to contribute to affordable and/or social housing.

The following summarises local social housing needs within the Eastern Metropolitan Region and a time frame for how these needs could be met up to 2036. This is based on framing the need for social housing in the context of a **'target market'** – defined as very low income households (in the lowest 10% of equivalised household incomes, nationally calculated[6]) that are currently either renting or purchasing their home.

Lowest income households that own-their-own home would not have any need for social housing and are excluded from the assessment. This takes account of the significant proportion of older people in particular, reliant on government pensions as their principle source of income ('income poor') but self-sufficient in terms of housing.

The number of households in the identified target market group that cannot have their needs met with either existing social housing dwellings or affordable private lettings in the region[7], represents the shortfall of social housing in the region –effectively a measure of social housing need in the community.

This methodology is linked to the most vulnerable and disadvantaged households in the region – those in the lowest 10% of household incomes. This group, together with 'low' income households (the next lowest 30%) represent the lowest 40% of household incomes group which is traditionally subject to concerns about housing affordability and calculations that define 'housing stress' in a community.

As a result, the following data on need for social housing in the region should be read in the context of the **minimum** (rather than optimal) supply.

A note on methodology

The minimum supply of social housing methodology used to establish the baseline in 2010 and updated in 2014 was based on 'moderating' forecast household numbers by averaging data produced by .id (built 'bottom-up' by small area, with local knowledge) and VIF (a State, 'top-down', distributive approach). Given that population and household forecasting is not an exact science, it was thought this approach would temper differences between the 'higher' and 'lower' ends of forecast increase.

At present, VIF forecasting at LGA level does not extend beyond 2031 (VIF projections, 2014). The smallest area for which forecasts are published (out to 2051) in the most recent VIF forecasts (2016), is by major region (SA4, such as Greater Melbourne Capital City Areas) which does not provide the level of detail needed for this exercise.

While there is an option to revert to.id forecast data only in the future–and there may merit in this, given that these forecasts are developed specifically for local government application and with specific local knowledge and input – this change in methodology would undermine comparison with past reviews.

[6] Less than $201 a week in 2006; less than $313 in 2011; less than $345 in 2016.

[7] Affordable rents are those that are affordable for lower income households in Victoria – based on a maximum of 30% of the income of indicative household types on a Centrelink income (plus Rent Assistance). Assumes that *all affordable private lettings are accessed by those most in need (ie those in the lowest 10% of household incomes).*

Of the six councils in the EAHA, VIF forecasting is consistently *higher* than the .id projections for four, and consistently *lower* for the other two.[8] Pegging the estimated number of households post-2031 to the id forecast alone would either 'damp down' or magnify the number of households 'in need' compared with previous reviews and affect calculation of any social housing shortfall post-2031, relative to previous years when moderated (averaged) data was used.

An alternative approach, as used in this review, is to project the VIF forecast into the near future, based on the growth trajectory established in previous years.

This enables the development of estimates of the number of households in 2036 based on a continuation of an assumed VIF pathway, which can then be averaged with the .id forecast to produce a moderated estimate.

Appendix A demonstrates the thinking and impact of this approach, visually.

2. Social housing shortfall

The following table summarises the social housing shortfall in the EAHA anticipated over the next twenty years if there is no intervention to increase the social and affordable housing supply.

This data is followed by the detailed data by municipality, illustrative of local differences in social and affordable housing conditions.

Table 2.1 Shortfall of social housing summary – Eastern Metropolitan Region, 2016 -2036

Year	Knox	Manningham	Maroondah	Monash	Whitehorse	Yarra Ranges	Total EAHA
Current (2016)	390	1630	130	2820	2350	650	**7970**
By 2021	530	1810	230	3070	2660	730	9030
By 2026	640	1930	320	3260	2890	810	9850
By 2031	750	2040	410	3440	3090	880	10610
By 2036	860	2190	500	3630	3290	950	**11420**

NB Shortfall numbers rounded to nearest 10.

- Table 2.1 above, sets out the additional dwellings needed to supplement the existing supply of social housing and estimated affordable, private rentals in EAHA municipalities in order to fully meet forecast low-cost housing needs.

  Note that the figures are not cumulative, but specific totals *by each year nominated* assuming the absence of any action to increase the low-cost housing supply.

[8] VIF forecasting consistently higher than .id forecasting for Knox, Maroondah, Monash and Yarra Ranges; and lower than .id forecasting for Manningham and Whitehorse.

- Clearly, the current and estimated supply of low-cost housing will not be capable of fully meeting the needs of the target market, now or anticipated in the future unless there is some form of intervention to increase the supply of social housing, availability of affordable private rentals, or both.
- **A forecast need for at least 11,420 social housing dwellings within the EAHA would equate to 571 additional dwellings per year over the next twenty years (2016-2036).**
- Refer Section 5 'Social housing supply timeframe' below, for discussion on the number of additional dwellings required annually if social housing needs are to be met within a shorter time frame – within 5, 10, or 15 years (that is, by 2021, 2026, 2031).

Tables 2.2-2.7, below, set out the specific data used to calculate the shortfall of (or 'need' for) social housing in EAH municipalities over the next 20 years.

Table 2.2 Social housing needs, Knox, 2016-3036

Year	'Need' Est. number of very low income households that do not own their own home (3.8% of total households at 2016 Census)	Number of social housing dwellings 1445 as at 2014-15 (DHHS)	Estimated number of affordable private lettings @ 3.8% of private rentals (2 year average, 2015-2017)	% of need met by existing social housing & estimated affordable private lettings	Shortfall of social housing
Current (2016, usual residence) (58,007, id 2016 prelim. rebase)	2204	1445	373	82%	**-386**
By 2021 (62,511)	2375	1445	401	78%	**-529**
By 2026 (66,170)	2514	1445	425	74%	**-644**
By 2031 (69,611)	2645	1445	447	72%	**-753**
By 2036 (72,995) [9]	2774	1445	469	69%	**-860**

Source; 2016 Census of Population & Housing (ABS) customised data; 2015 local government area (LGA) profiles (DHHS, 2016); .id population & household forecast (2016 preliminary rebase) & Victoria in Future (2016)

[9] Estimate based on averaging .id forecast with estimated VIF forecast based on the latter's trajectory as established in previous years. Refer Appendix A.

Table 2.3 Social housing needs, Manningham, 2016-3036					
Year	**'Need' Est. number of very low income households that do not own their own home (4.7% of total households at 2016 Census)**	**Number of social housing dwellings** **333 as at 2014-15 (DHHS)**	**Estimated number of affordable private lettings @ 1.4% of private rentals** **(2 year average, 2015-2017)**	**% of need met by existing social housing & estimated affordable private lettings**	**Shortfall of social housing**
Current (2016, usual residence) (44,016, id 2016 prelim. rebase)	2069	333	106	21%	**-1630**
By 2021 (48,140)	2263	333	116	20%	**-1814**
By 2026 (50,840)	2389	333	122	19%	**-1934**
By 2031 (53,153)	2498	333	128	18%	**-2037**
By 2036 (56,653) [10]	2662	333	136	18%	**-2193**

Source; 2016 Census of Population & Housing (ABS) customised data; 2015 local government area (LGA) profiles (DHHS, 2016); .id population & household forecast (2016 preliminary rebase) & Victoria in Future (2016)

[10] Estimate based on averaging .id forecast with estimated VIF forecast based on the latter's trajectory as established in previous years. Refer Appendix A.

Table 2.4 Social housing needs, Maroondah, 2016-3036					
Year	**'Need' Est. number of very low income households that do not own their own home (4.0% of total households at 2016 Census)**	**Number of social housing dwellings** **1347 as at 2014-15 (DHHS)**	**Estimated number of affordable private lettings @ 3.2% of private rentals** **(2 year average, 2015-2017)**	**% of need met by existing social housing & estimated affordable private lettings**	**Shortfall of social housing**
Current (2016, usual residence) (43,971, id 2016 prelim. rebase)	1759	1347	287	93%	**-125**
By 2021 (47,217)	1889	1347	308	88%	**-234**
By 2026 (49,860)	1994	1347	325	84%	**-322**
By 2031 (52,550)	2102	1347	343	80%	**-412**
By 2036 (55,331) [11]	2213	1347	361	77%	**-505**

Source; 2016 Census of Population & Housing (ABS) customised data; 2015 local government area (LGA) profiles (DHHS, 2016); .id population & household forecast (2016 preliminary rebase) & Victoria in Future (2016)

[11] Estimate based on averaging .id forecast with estimated VIF forecast based on the latter's trajectory as established in previous years. Refer Appendix A.

Table 2.5 Social housing needs, Monash, 2016-3036					
Year	**'Need' Est. number of very low income households that do not own their own home (7.3% of total households at 2016 Census)**	**Number of social housing dwellings** **1808 as at 2014-15 (DHHS)**	**Estimated number of affordable private lettings @ 2.3% of private rentals** **(2 year average, 2015-2017)**	**% of need met by existing social housing & estimated affordable private lettings**	**Shortfall of social housing**
Current (2016, usual residence) (69,056, id 2016 prelim. rebase)	5041	1808	415	44%	**-2818**
By 2021 (72,862)	5319	1808	437	42%	**-3074**
By 2026 (75,606)	5519	1808	453	41%	**-3258**
By 2031 (78,377)	5722	1808	470	40%	**-3444**
By 2036 (81,166) [12]	5925	1808	487	39%	**-3630**

Source; 2016 Census of Population & Housing (ABS) customised data; 2015 local government area (LGA) profiles (DHHS, 2016); .id population & household forecast (2016 preliminary rebase) & Victoria in Future (2016)

[12] Estimate based on averaging .id forecast with estimated VIF forecast based on the latter's trajectory as established in previous years. Refer Appendix A.

Table 2.6 Social housing needs, Whitehorse, 2016-3036					
Year	**'Need' Est. number of very low income households that do not own their own home (6.6% of total households at 2016 Census)**	**Number of social housing dwellings 1577 as at 2014-15 (DHHS)**	**Estimated number of affordable private lettings @ 2.0% of private rentals (2 year average, 2015-2017)**	**% of need met by existing social housing & estimated affordable private lettings**	**Shortfall of social housing**
Current (2016, usual residence) (64,247, id 2016 prelim. rebase)	4240	1577	311	45%	**-2352**
By 2021 (69,312)	4575	1577	335	42%	**-2663**
By 2026 (73,036)	4820	1577	354	40%	**-2889**
By 2031 (76,362)	5040	1577	370	39%	**-3093**
By 2036 (79,648) [13]	5257	1577	386	37%	**-3294**

Source; 2016 Census of Population & Housing (ABS) customised data; 2015 local government area (LGA) profiles (DHHS, 2016); .id population & household forecast (2016 preliminary rebase) & Victoria in Future (2016)

[13] Estimate based on averaging .id forecast with estimated VIF forecast based on the latter's trajectory as established in previous years. Refer Appendix A.

Table 2.7 Social housing needs, Yarra Ranges, 2016-3036					
Year	**'Need' Est. number of very low income households that do not own their own home (3.4% of total households at 2016 Census)**	**Number of social housing dwellings** **762 as at 2014-15 (DHHS)**	**Estimated number of affordable private lettings @ 7.5% of private rentals** **(2 year average, 2015-2017)**	**% of need met by existing social housing & estimated affordable private lettings**	**Shortfall of social housing**
Current (2016, usual residence) (57,616, id 2016 prelim. rebase)	1959	762	545	67%	**-652**
By 2021 (60,719)	2064	762	574	65%	**-728**
By 2026 (63,873)	2172	762	604	63%	**-806**
By 2031 (66,910)	2275	762	632	61%	**-881**
By 2036 (69,910) [14]	2377	762	661	60%	**-954**

Source; 2016 Census of Population & Housing (ABS) customised data; 2015 local government area (LGA) profiles (DHHS, 2016); .id population & household forecast (2016 preliminary rebase) & Victoria in Future (2016)

Notes on definitions & methodology:

- Current household number (2016) is based on 'usual residence' as per the .id 2016 preliminary rebase. This rebases the current (2014) forecast data so that it matches 2016 Census based Estimated Resident Population and dwelling counts. A comprehensive population forecast update, including a fresh set of residential development assumptions will be rolled out to subscribing municipalities during 2018[15]. This will also push the forecast out an additional five years enabling the social housing shortfall to be calculated out to 2041 in the next review.

[14] Estimate based on averaging .id forecast with estimated VIF forecast based on the latter's trajectory as established in previous years. Refer Appendix A.

[15] All EAH municipalities currently subscribe to .id forecast.

- Future household numbers (2021, 2026, 2031) are based on averaging .id forecast figures (2016 preliminary rebase) and Victoria in Future (2016)[16] for projected households in order to moderate the difference between the two. As noted above (Quantifying social housing need), future household forecast numbers for 2036 are based on averaging the .id forecast figure (2016 preliminary rebase) and an *estimated VIF forecast based on the latter's trajectory as established in previous years.*
- 'Social housing dwellings' includes both public housing provided directly by the Department of Health and Human Services, and housing provided by the not-for-profit housing sector. Note that the figures for all EAHA councils are higher than those identified at the 2016 Census. This discrepancy may be explained by a proportion of rental households that do not state tenure (ie public or private) on their Census form, and/or dwellings that are vacant at Census time.
- 'Need' is defined as 'very low income' households – that is, those in the lowest 10% of household incomes nationally, that *do not own their own home.*
- Note that the identification of 'very low income' households is based on *equivalised* household income – that is, adjusted using equivalence factors to remove the effect of household size on income.
- The proportion of total housing stock in each EAHA council with private rental tenure is based on what was found at the most recent, 2016 Census and projected into the future[17]. The proportion of this stock that is deemed 'affordable' to low-income households is based on a *two-year average* of affordable lettings in each EAHA council (total, all bedrooms) –September quarter, 2015 to June quarter, 2017, the latest available at the time of preparation (November, 2017) – as drawn from the DHHS quarterly rental report data.

  Note that DHHS affordable rent calculations are based on what is affordable for households receiving Centrelink incomes ie not exceeding 30% of the income of indicative household types on a Centrelink income (plus rent assistance).

[16] Forecasts for 2036 using *estimated* VIF forecast based on the trajectory established in previous years. Refer Appendix A

[17] Renting-Private This figure excludes *Renting –Social Housing* which is accounted for under number of social housing dwellings. In 2016 private rentals as a proportion of total dwellings -Knox (16.9%); Manningham (17.2%); Maroondah (20.4%); Monash (26.1%); Whitehorse (24.2%); Yarra Ranges (12.6%)

3. Social housing needs in the EAHA – an analysis of change – 2010, 2014, 2017 reviews

The previous (second) analysis of social housing need (**May, 2014**) reviewed social and affordable housing calculations in the region based on :

- 2011 Census (ABS) data;
- household projections based on .id 2014 and VIF 2014; and
- affordable rental statistics (DHS), June quarter, 2012 to March quarter, 2014).

The current analysis (November, 2017) revises the calculations in light of:

- **2016 Census (ABS) data;**
- updated household projections (**.id 2016 preliminary rebase** and **VIF 2016**); and
- affordable rental statistics (**DHHS**), September quarter, 2015 to June quarter, 2017).

The ability to review shortfall calculations in line with updated data on local (and possibly changing conditions) was seen to be a major benefit of the method for defining a minimum supply of social housing.

The following discussion updates components of the social housing supply calculation and summarises change in social/low-cost housing need between reviews undertaken in 2010, 2014 and most recently, 2017.

The target market (Data source; ABS Census, 2006, 2011, 2016)

Defined as those in the lowest 10% of household incomes nationally, that *do not own their own home.*

- Since the 2014 review (based on 2011 Census) there has been an **7% *increase*** in the number and percentage of households in the *lowest* 10% of household incomes (nationally), that do not own their own home – that are located in the EAHA region.

  The regional average has increased from 4.9% of households in 2014 to 5.1% by 2016. Numerically this represents an increase of 1190 households in the region -from 16,080 at the time of the 2014 review- to 17,270 by the time of the current (2017) edition.

  The 7% increase in number of households in the target market across the EAHA overall, masks a fair degree of variation by municipality. Some experienced substantial increases while others had a reduction.

  The situation local to each municipality is as set out below.

Table 3.1 Change in target market							
	2010 Review (based on 2006 Census %)		**2014 Review** (based on 2011 Census %)		**2017 Review** (based on 2016 Census %)		**Change 2014-2017** % change in number of households in target market
	Number	% total households	Number	% total households	Number	% total households	
Knox	1820	3.3%	2310	4.1%	2200	3.8%	-5% (n= -110)
Manningham	1270	3.0%	1670	3.9%	2070	4.7%	+24% (n=400)
Maroondah	1520	3.7%	1790	4.2%	1760	4.0%	-1.7% (n= -30)
Monash	3290	5.1%	4230	6.4%	5040	7.3%	+19% (n=810)
Whitehorse	2660	4.4%	3690	5.9%	4240	6.6%	+15% (n=550)
Yarra Ranges	2040	3.8%	2390	4.3%	1960	3.4%	-18% (n= -430)
TOTAL EAH	**12,600**	**4.0%**	**16,080**	**4.9%**	**17,270**	**5.1%**	**+7% (n= 1190)**

Source: Derived from % found at ABS Census, 2006, 2011, 2016 (customised data) as applied to estimated household number forecast in each review year (based on averaging .id and VIF forecasts)

- There has been a **7% increase** (1190 households) **in number of households** across the region **in the 'target' market**, increasing from an estimated 16,080 households in 2014, to 17,270 in 2017

- **Monash and Whitehorse, in particular, had the largest increases in *number* of very low-income households** in the target market since the last Review (+800 and +550 respectively). Manningham experienced the largest percentage increase (25%) resulting in an additional 400 households.

- **Since the 2014 Review there has been a *decline* in the number and percentage of non-home owner households in Knox, Maroondah and Yarra Ranges that are in the lowest 10% of household incomes nationally.**

  Is this a function of declining housing affordability in these areas – forcing lower income households out, or precluding others from moving in as the amount of more moderately priced rental housing contracts? It is possibly no coincidence that these three municipalities also experienced the biggest declines in the percentage of *affordable rentals* available within their boundaries (Knox from 5.6% to 3.8%; Maroondah from 4.2% to 3.2%; and Yarra Ranges 10% to 7.5%).

- How then, to explain the *increase* in households in the very-low income target market in Monash, Whitehorse and Manningham – which already had a much lower share of affordable rentals at the last review and experienced further, albeit small decline with this review? Monash and Whitehorse have considerable (low-income) student populations for whom discretion to move elsewhere (further out, or to more affordable areas of Melbourne) and at distance from the higher education provider, is less of an option.

- **Monash and Whitehorse continue to exhibit a higher than average, and intensified level of 'need'** (7.3% and 6.6% of households in the 2017 review compared with the regional average of 5.1%). This is thought to be associated with the student population.

Social housing stock as at June 30 (Data source: Summary of Housing Assistance 2005-2006 (DHS), 2006; Summary of Housing Assistance 2011-2012 (DHS), 2013; and DHHS data, reported in 2015 Local Government Area (LGA) Profile, published, June 2016)
Defined as both government-provided public housing and housing provided by the not-for-profit sector.

Table 3.2 Change in social housing stock (number of dwellings)

	2010 Review (DHS data 2006) [18]	**2014 Review** (DHHS data 2012)	**2017 Review** (DHHS data 2015)	**Change 2014-17 reviews**
Knox	1212	1452	1445	-7
Manningham	239	336	333	-3
Maroondah	1042	1325	1347	+22
Monash	1424	1578	1808	+230
Whitehorse	1469	1614	1577	-37
Yarra Ranges	610	745	762	+17
TOTAL EAH	**5996**	**7050**	**7272**	**+222**
Average per annum change between reviews	**n/a**	**+176 dwellings**	**+74 dwellings**	

Source; Summary of Housing Assistance Programs 2005-06 (DHS, 2006); Summary of Housing Assistance Programs 2011-12; Local Government Area (LGA) Profile, June, 2016

[18] NB 2006 DHS figures on social housing pertain to *Government-owned* social housing only, specifically *excluding* community-owned social housing. Later reports included information on total social housing dwellings, defined as 'Director-owned (including leases and other Director-managed dwellings) as well as Community-owned dwellings.' The amount of community owned stock in 2006, however, is believed to have been relatively negligible.

- **Growth in the amount of social housing stock in the EAHA region has slowed.** According to DHHS reporting there was a net 18% increase in social housing dwellings in the region between 2006 and 2012, with a much smaller net increase of 3% between 2012 and 2015.

  While this might be expected given the shorter time between reviews, converting the data to an average rate of increase per annum, indicates growth in the earlier period @ 176 additional dwellings net per annum (2006-2012) compared with 74/annum net more recently (2012-15).

- According to the most recent review, some EAHA municipalities have experienced a net increase,and others a net decrease in the number of social housing dwellings since the 2014 review, as indicated in Table 3.2, above. **The supply of social housing stock in every EAHA municipality continues to be below the metropolitan average level of supply**, according to Census data, as indicated below.

Table 3.3 Change in social housing stock (% total households)

	Census 2006	Census 2011	Census 2016
Knox	2.0%	2.1%	2.0%
Manningham	0.5%	0.6%	0.6%
Maroondah	2.4%	2.8%	2.5%
Monash	2.2%	2.1%	2.2%
Whitehorse	2.7%	2.6%	2.4%
Yarra Ranges	1.3%	1.3%	1.1%
TOTAL EAH	**1.9%**	**1.9%**	**1.9%**
Greater Melbourne	**3.0%**	**2.9%**	**2.6%**

Source: ABS Census, 2006, 2011, 2016; *Renting –Social Housing* as percentage of *enumerated* households.

The availability of affordable private rentals (Data source; DHHS Rental Report, two year averaged quarterly data for 2010-11; 2012-14, 2015-17)

Defined as rentals not exceeding 30% of the income of indicative household types on Centrelink incomes, plus rental assistance.

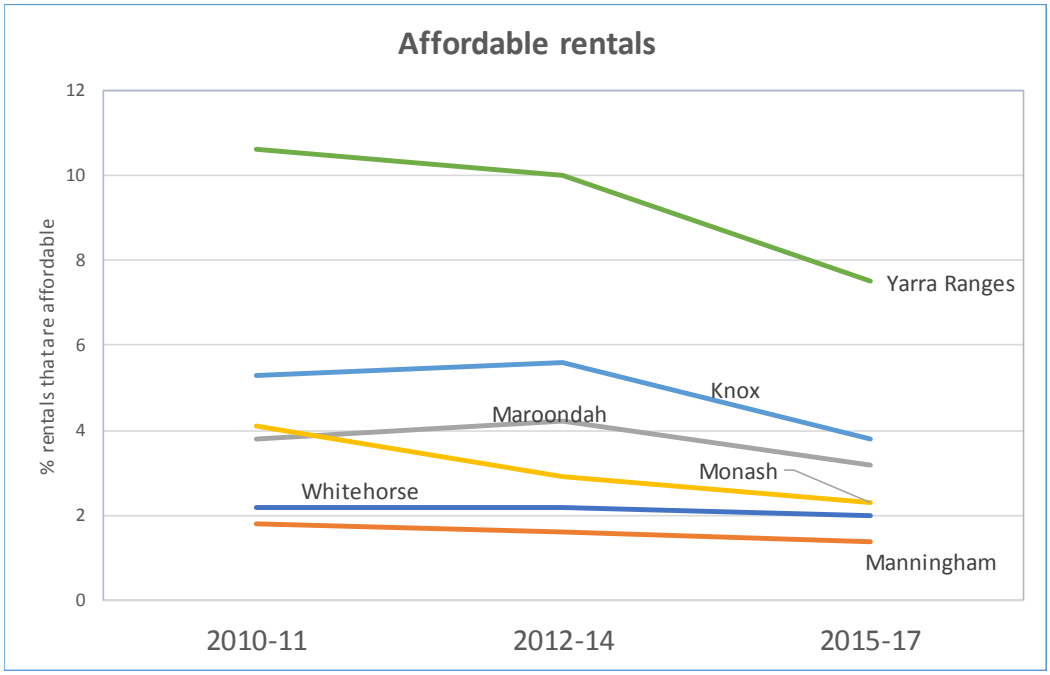
- Since the review in 2014 there **has been a reduction in affordable rentals in *all* EAHA municipalities** (Table 3.4) and availability of affordable private rentals remains low.

- The greatest supply of affordable rentals is in Yarra Ranges where 7.5% of rental housing is deemed affordable to lower income households. While the availability of affordable private rental housing increases with increasing distance from the city centre, it is those municipalities further from the CBD that have experienced the biggest decline in proportion of affordable rentals as housing affordability pressures continue to ripple outward.

Table 3.4 Change in affordable private rentals			
	2010 Review (DHS data 2010-11)	**2014 Review** (DHHS data 2012-14)	**2017 Review** (DHHS data 2015-17)
Knox	5.3%	5.6%	3.8%
Manningham	1.8%	1.6%	1.4%
Maroondah	3.8%	4.2%	3.2%
Monash	4.1%	2.9%	2.3%
Whitehorse	2.2%	2.2%	2%
Yarra Ranges	10.6%	10%	7.5%

Source; Quarterly Rental Reports, D(H)HS

Figure 3.1 Change in affordable private rentals, 2010-2017



4. Capacity to meet low-cost housing needs

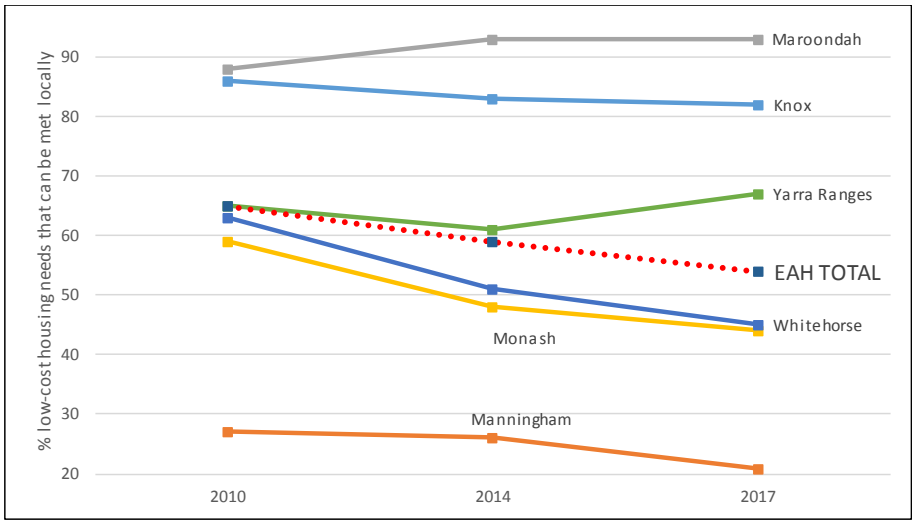
According to the 2017 review, it is estimated that **the proportion of EAHA 'need' that could be met** by existing social housing and the (estimated) supply of affordable private rentals in the region, **stands at 54%** (7272 social housing units plus an estimated 2037 affordable rentals, to service a regional target market of 17,270 households).

- **Capacity to meet low-cost housing need for the region as a whole continues to *contract*** from the benchmark for the EAHA in 2010 (65%) to 59% by review in 2014, and 54% as per the current assessment.

Table 4.1 Change in capacity to meet low cost housing needs by EAH municipality

Review year	Social housing supply (DH(H)S) data	Affordable rental supply (est.) (DH(H)S) data	'Target market' (ABS data)	% 'need' met by existing social housing plus est. affordable private lettings
Knox				
2010	1212	360	1820	86%
2014	1452	473	2310	83%
2017	1445	373	2200	82%
Manningham				
2010	239	110	1270	27%
2014	336	103	1670	26%
2017	333	106	2070	21%
Maroondah				
2010	1042	300	1520	88%
2014	1325	339	1790	93%
2017	1347	287	1760	93%
Monash				
2010	1424	520	3290	59%
2014	1578	441	4230	48%
2017	1808	415	5040	44%
Whitehorse				
2010	1469	220	2660	63%
2014	1614	289	3690	51%
2017	1577	311	4240	45%
Yarra Ranges				
2010	610	710	2040	65%
2014	745	722	2390	61%
2017	762	545	1960	67%
EAH TOTAL				
2010	5996	2220	12,600	65%
2014	7050	2367	16,080	59%
2017	7272	2037	17,270	54%

Figure 4.1 Change in capacity to meet low cost housing needs, 2010-2017



- Capacity, in the main, has contracted, with the exception of Maroondah, where low-cost housing options have remained stable, and able to meet 93% of local needs.

  The only LGA to experience an *increase* in capacity to meet low-cost housing need is the Yarra Ranges where there has been a shift in ability to meet local needs from 61% to 67%. This is due mainly to a significant *reduction* in the number of households in the 'target' market in need of low cost housing- which is higher than the loss of low-cost housing stock (430 fewer households in need, compared to 177 fewer affordable private rentals). Are housing affordability pressures (as evidenced by fewer affordable rentals) forcing low-income households to avoid Yarra Ranges, a traditionally more affordable location, and go elsewhere?

- Regionally, between 2014 and 2017 there has been a marginal (1.1%) contraction in supply as the increase in number of social housing dwellings has been largely offset by the loss of affordable rentals. This compares with a 7% increase in 'need' for low-cost housing options. There can be no surprise then, that the ability to meet low-cost housing need has contracted.

5. Social housing supply timeframe

The time period taken to reach a minimum supply level is another important consideration in addressing social housing need.

A rate of 571 social housing additions per year would meet the needs of the EAHA's lowest income, non-home owning households by 2036, though it would take twenty years to do so. This would effectively leave a generation of partially unmet needs.

The following tables (by individual municipality within the EAHA region and the EAHA as a whole) indicate the number of new social housing dwellings required per annum[19] in order to fully meet low-cost housing needs at different points along the time span – within 5 years, 10 years, 15 years or 20 years.

[19] Per annum figures rounded

Table 5.1 Knox - social housing need – annual supply required to fully meet need within 5, 10, 15, 20 years

Year	Social housing shortfall	Annual minimum supply (calculated over **5** years, 2016-2021)	Annual minimum supply (calculated over **10** years, 2016-2026	Annual minimum supply (calculated over **15** years, 2016-2031	Annual minimum supply (calculated over **20** years, 2016-2036
Current (in 2016)	**390**				
By 2021	**530**	106 per year (2016-2021) (+ 22 per annum over fifteen years 2021-2036**)**			
By 2026	**640**		64 per year (2016-2026) (+ 22 per annum over ten years 2026-2036**)**		
By 2031	**750**			50 per year (2016-2031) (+ 22 per annum over five years 2031-2036**)**	
By 2036	**860**				43 per year (2016-2036)

Table 5.2 Manningham - social housing need – annual supply required to fully meet need within 5, 10, 15, 20 years					
Year	**Social housing shortfall**	**Annual minimum supply (calculated over 5 years, 2016-2021)**	**Annual minimum supply (calculated over 10 years, 2016-2026**	**Annual minimum supply (calculated over 15 years, 2016-2031**	**Annual minimum supply (calculated over 20 years, 2016-2036**
Current (in 2016)	**1630**				
By 2021	**1810**	362 per year (2016-2021) (+ 25 per annum over fifteen years 2021-2036)			
By 2026	**1930**		193 per year (2016-2026) (+ 26 per annum over ten years 2026-2036)		
By 2031	**2040**			136 per year (2016-2031) (+ 30 per annum over five years 2031-2036)	
By 2036	**2190**				110 per year (2016-2036)

Table 5.3 Maroondah - social housing need – annual supply required to fully meet need within 5, 10, 15, 20, 25 years					
Year	**Social housing shortfall**	**Annual minimum supply (calculated over 5 years, 2016-2021)**	**Annual minimum supply (calculated over 10 years, 2016-2026**	**Annual minimum supply (calculated over 15 years, 2016-2031**	**Annual minimum supply (calculated over 20 years, 2016-2036**
Current (in 2016)	**130**				
By 2021	**230**	46 per year (2016-2021) (+ 18 per annum over fifteen years 2021-2036)			
By 2026	**320**		32 per year (2016-2026) (+ 18 per annum over ten years 2026-2036)		
By 2031	**410**			27 per year (2016-2031) (+19 per annum over five years 2031-2036)	
By 2036	**500**				25 per year (2016-2036)

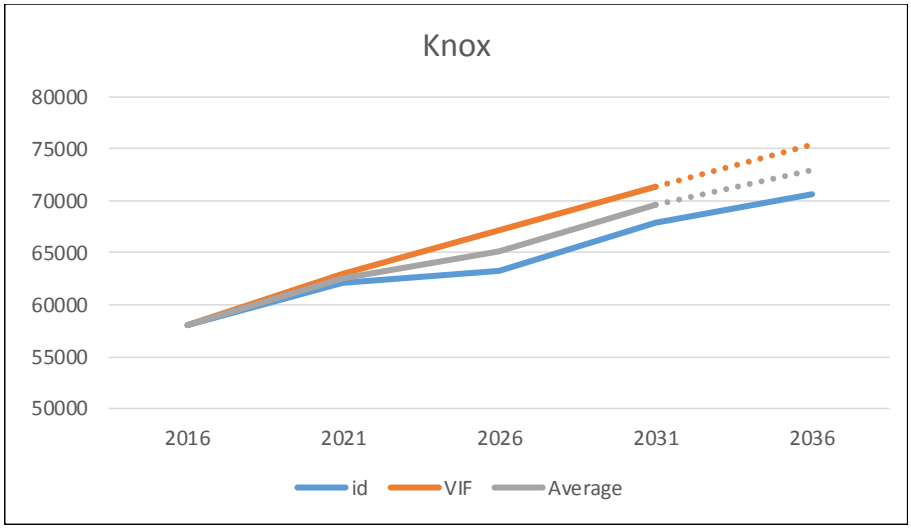
Table 5.4 Monash - social housing need – annual supply required to fully meet need within 5, 10, 15, 20 years					
Year	**Social housing shortfall**	**Annual minimum supply (calculated over 5 years, 2016-2021)**	**Annual minimum supply (calculated over 10 years, 2016-2026**	**Annual minimum supply (calculated over 15 years, 2016-2031**	**Annual minimum supply (calculated over 20 years, 2016-2036**
Current (in 2016)	**2820**				
By 2021	**3070**	615 per year (2016-2021) (+37 per annum over fifteen years 2021-2036)			
By 2026	**3260**		326 per year (2016-2026) (+37 per annum over ten years 2026-2036)		
By 2031	**3440**			229 per year (2016-2031) (+39 per annum over five years 2031-2036)	
By 2036	**3630**				181 per year (2016-2036)

Table 5.5 Whitehorse- social housing need – annual supply required to fully meet need within 5, 10, 15, 20 years					
Year	**Social housing shortfall**	**Annual minimum supply (calculated over 5 years, 2016-2021)**	**Annual minimum supply (calculated over 10 years, 2016-2026**	**Annual minimum supply (calculated over 15 years, 2016-2031**	**Annual minimum supply (calculated over 20 years, 2016-2036**
Current (in 2016)	**2350**				
By 2021	**2660**	532 per year (2016-2021) (+ 42 per annum over fifteen years 2021-2036)			
By 2026	**2890**		289 per year (2016-2026) (+ 40 per annum over ten years 2026-2036)		
By 2031	**3090**			206 per year (2016-2031) (+ 40 per annum over five years 2031-2036)	
By 2036	**3290**				165 per year (2016-2036)

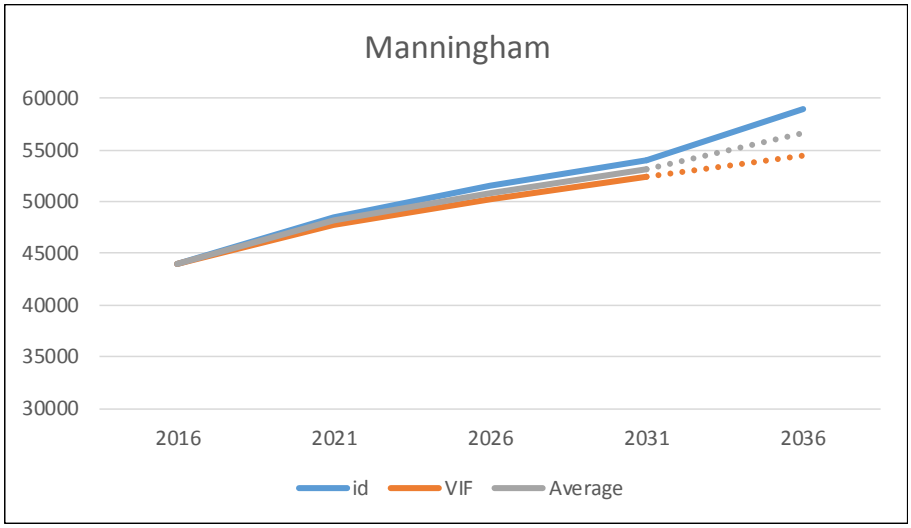
Table 5.6 Yarra Ranges - social housing need – annual supply required to fully meet need within 5, 10, 15, 20 years					
Year	**Social housing shortfall**	**Annual minimum supply (calculated over 5 years, 2016-2021)**	**Annual minimum supply (calculated over 10 years, 2016-2026**	**Annual minimum supply (calculated over 15 years, 2016-2031**	**Annual minimum supply (calculated over 20 years, 2016-2036**
Current (in 2016)	**650**				
By 2021	**730**	146 per year (2016-2021) (+ 15 per annum over fifteen years 2021-2036)			
By 2026	**810**		81 per year (2016-2026) (+ 14 per annum over ten years 2026-2036)		
By 2031	**880**			59 per year (2016-2031) (+ 13 per annum over five years 2031-2036)	
By 2036	**950**				48 per year (2016-2036)

Table 5.7 Eastern Affordable Housing Alliance Region - social housing need – annual supply required to fully meet need within 5, 10, 15, 20 years					
Year	**Social housing shortfall**	**Annual minimum supply (calculated over 5 years, 2016-2021)**	**Annual minimum supply (calculated over 10 years, 2016-2026**	**Annual minimum supply (calculated over 15 years, 2016-2031**	**Annual minimum supply (calculated over 20 years, 2016-2036**
Current (in 2016)	**7970**				
By 2021	**9030**	1806 per year (2016-2021) (+ 159 per annum over fifteen years 2021-2036)			
By 2026	**9850**		985 per year (2016-2026) (+ 157 per annum over ten years 2026-2036)		
By 2031	**10610**			707 per year (2016-2031) (+ 163 per annum over five years 2031-2036)	
By 2036	**11420**				571 per year (2016-2036)

APPENDIX A – Population Forecast Averaging



Source: .id 2016 population forecast (preliminary rebase, December, 2017); VIF 2016



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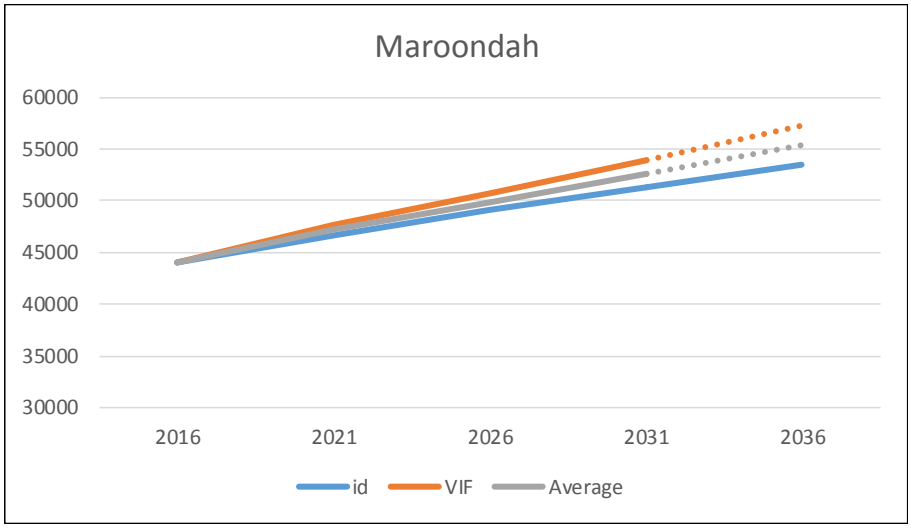

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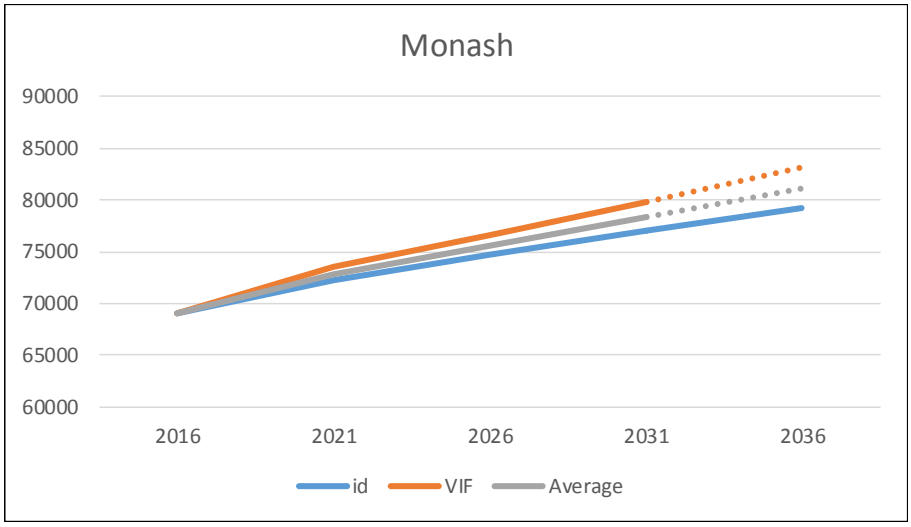

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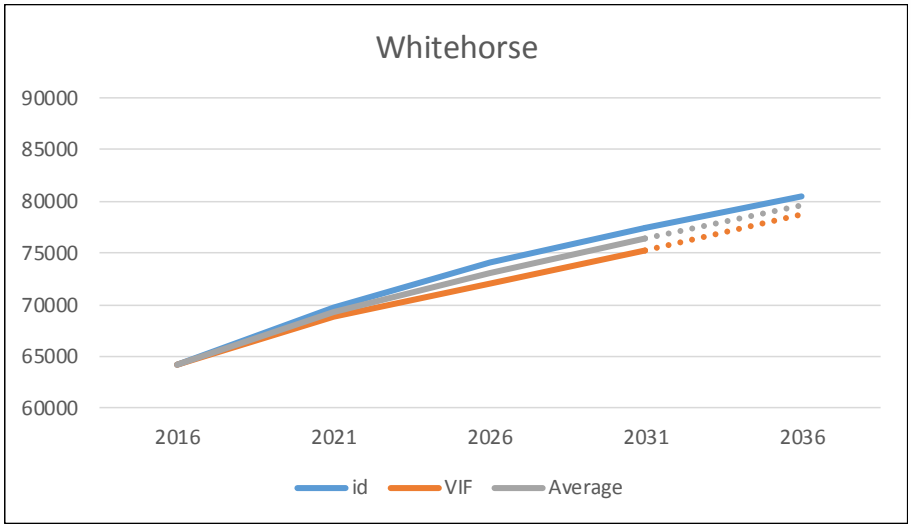

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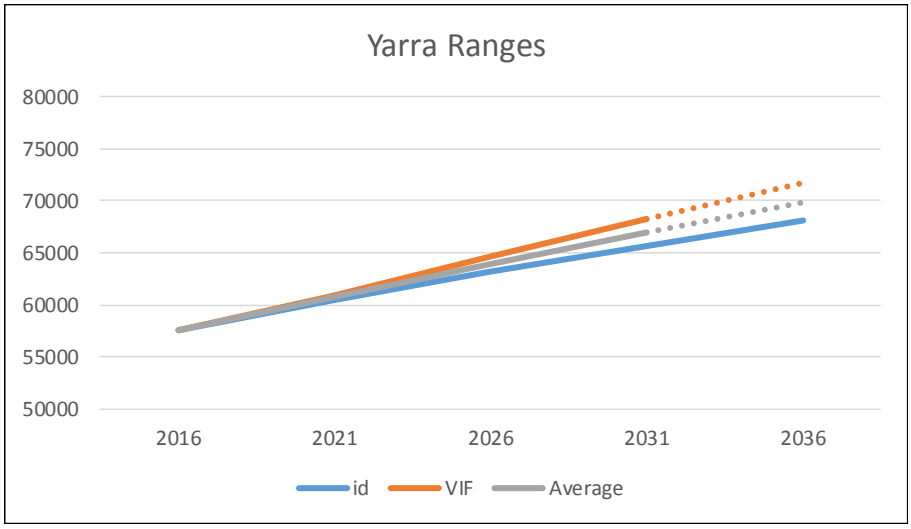

Source: .id 2016 population forecast (preliminary rebase, December, 2017); VIF 2016