

Submission to the

# Parliamentary inquiry into the rental and housing affordability crisis in Victoria

July 2023



Merri-bek  
City Council

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Merri-bek City Council acknowledges the Wurundjeri Woi-wurrung people as the Traditional Custodians of the lands and waterways in the area now known as Merri-bek. We pay respect to their Elders past, present, and emerging, as well as to all First Nations communities who significantly contribute to the life of the area.

Merri-bek City Council – located between 4 and 14 kilometres north of the Melbourne central business district – is home to 174,502 people. Covering 51 square kilometres and including the suburbs of Brunswick, Brunswick West, Brunswick East, Coburg, Coburg North, Fawkner, Glenroy, Gowanbrae, Hadfield, Oak Park, Pascoe Vale, Pascoe Vale South and part of Fitzroy North, Merri-bek is a wonderfully diverse and vibrant community with a longstanding and proud history of leadership and advocacy on many social justice, environmental and community issues.

The housing system is failing to provide enough safe, affordable and appropriate homes for our Merri-bek community. There is an urgent need for action at all levels of government.

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## Responses to inquiry questions

### 1. The factors leading to low availability and high costs of rental properties

As the proportion of households privately renting in Merri-bek has increased from 25% to 35% since 2001, there has been a notable decline in the already low provision of social housing, from 3.2% to 2.3%.

Areas of Merri-bek which have seen the most significant increase in the supply of private rental housing have also seen rentals become increasingly unaffordable for low-income households.

The Australian Urban Observatory Precarity Index for Neighbourhood and City Housing (PINCH) dataset identifies two Merri-bek suburbs - Brunswick and East Brunswick - at its highest rating, meaning that between 2016 and 2021 they "remained exclusive to high income households"<sup>1</sup>. This is a clear example of the effect of gentrification on the rental market where moderate- and high-income people displace those on lower incomes.

Since 2001 the stock of rented dwellings in Brunswick has risen by 62%. In the same 20 years the median rent has risen from \$180 per week to \$450 per week, which is a 59% increase (adjusting for inflation)<sup>2</sup>. In 2021 less than a quarter (22%) of Brunswick's renting households were low income but 85% of these households were in housing stress (paying more than 30% of income for housing)<sup>3</sup>.

In suburbs such as Coburg, Brunswick West and Pascoe Vale a similar pattern is apparent with unrenovated older houses, which had been relatively affordable, being taken out of the rental market and

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<sup>1</sup> Australian Urban Observatory, RMIT University, <https://auo.org.au/>

<sup>2</sup> Rental Report, Department of Families, Fairness and Housing

<sup>3</sup> ABS RAID (Rental Affordability Index), 2021

more new expensive apartments and townhouses becoming the dominant rental housing typology. The PINCH Index rates these areas at 6, indicating they are at risk of becoming “exclusive” (i.e., fully gentrified).

## **2. Options to address insecurity, availability and affordability issues facing Victorian renters**

On 9 November 2022, Merri-bek City Council passed a resolution noting that the current housing crisis is causing significant social harm across the community, as rent rises continue to rapidly outpace inflation. The resolution called on the State Government to make a commitment to an immediate rent cap in Victoria for two years for all renters.

One way to prevent homelessness is to cap rents so that people can sustain their rental payments. Council noted that the State Government capped rents in Victoria for six months in 2020, which provided renters with much needed economic reprieve, potentially saving thousands of Victorians from homelessness. In calling for this action, it is recognised that rent caps alone won't end the housing crisis and Council is taking action through its Affordable Housing Action Plan, aiming to increase affordable housing in Merri-bek through policy, advocacy, applied skills and investment.

Council has undertaken significant research to estimate the need for social and affordable housing, projecting up to 2036. The shortfall in affordable housing in Merri-bek was at least 4,000 in 2016<sup>4</sup>. This shortfall will rise to between 7,000 and 10,500 by 2036. The shortfall cannot entirely be met by local government intervention and requires a range of government actions including mandatory planning measures and substantial investment from state and federal government.<sup>5</sup>

Social and affordable housing in Victoria needs a long-term commitment of funding. The promise of the Big Housing Build to increase social housing stock by at least 10% is welcome. However, generational underinvestment will not be addressed, or market failure reversed, by a marginal short-term boost.

While many new affordable homes are needed, there is an urgent need to make healthy and safe the existing, ageing, public housing stock. In 2017, the Victorian Auditor General report noted that 60% of the public housing stock in Victoria was over 35 years old.<sup>6</sup> A desktop assessment of identified social housing in Merri-bek would indicate that most of the social housing stock (90% of which is owned by Homes Victoria) is ageing, with many single homes, walk-up flats and the high-rise block in Brunswick being at least 50 years old. Both retrofitting and new builds present an opportunity for Homes Victoria to meet the State Government's obligations of the Climate Change Act 2017.

## **3. The adequacy of regulation with regards to standards and conditions of rental housing**

Rental homes need to be places of safety and the Residential Tenancies Act, while improved in recent years, does not ensure that poor quality housing won't cause harm to renters. Sustainability Victoria's research into the health impacts of climate change shows that most healthcare professionals identify poor quality housing for the most vulnerable people as an issue in relation to climate change health impacts.<sup>7</sup>

Advocacy actions under Council's Affordable Housing Action Plan 2022-26 include the accelerated roll-out of thermal comfort / energy efficiency upgrades for public and community housing and the introduction of mandatory disclosure of energy performance at point of sale or lease for residential properties, and mandatory standards for heating and cooling.

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<sup>4</sup> *id Consulting, A Home in Moreland 2018*

<sup>5</sup> *SGS Economics and Planning, Supplying Homes in Moreland 2019*

<sup>6</sup> *VAGO, Managing Victoria's Public Housing, 2017*

<sup>7</sup> *Sustainability Victoria (2021) [Better social housing protects the vulnerable and the environment](#)*

In recognising the current and future impacts of climate change, increasing the efficiency and comfort of buildings also supports achieving a transition to net zero carbon in housing operation and reduction in the cost of living for renters.

Regarding new rental housing, Council has existing environmental sustainability requirements in its planning scheme to make sure that new development is environmentally sustainable. It has also partnered with 23 other Councils to submit a request to the Minister for Planning to amend the planning schemes of the 23 Councils to introduce elevated environmental sustainability targets.

## **5. The impact of short-stay accommodation**

According to InsideAirbnb.com, a short-stay data, analysis and advocacy website, Merri-bek has 861 properties available for short stays of which 191 are listed as recently and frequently booked. 58.5% of these listings are full house/apartments (0.7% of Merri-bek residential dwellings).

The extent to which short stay accommodation is having a direct impact on the supply of long-term rental properties is unclear. It should be noted that any consideration of restriction on this type of accommodation should include an understanding of the value of the social and economic benefits of the visitor economy supported by short stay accommodation.

## **8. Any other related matters**

### **Council initiatives to directly support new rental housing**

Supported by funds from its Housing Reserve, Council has been directly involved in four affordable and/or social housing projects since 2000. These developments relied on the provision of Council owned land or purchase of new sites to enable social housing providers to secure a mix of government, philanthropic and private sector funding. These projects have provided 30 safe and secure homes to community members with little ongoing cost to Council.

In 2021, Council agreed to sell land currently valued at \$4.6m to its arm's length development entity Merri-bek Affordable Housing Ltd (MAH). The 1000sqm site in Brunswick is planned to be developed to provide over 30 new social and affordable apartments through a partnership between MAH and community housing association, Haven Home Safe.