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LILYDALE QUARRY AFFORDABLE HOUSING NEEDS ASSESSMENT

Prepared for
INTRAPAC PROPERTY
29 April 2020

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EXECUTIVE SUMMARY

The purpose of this report is to understand and critically analyse the need for affordable housing in Lilydale and the wider Shire of Yarra Ranges. This is intended to inform appropriate housing products that can make a positive contribution to the future prosperity of the community.

This report assesses housing demand, the characteristics of local residents and the extent of housing need related to typical affordability thresholds as well as non-market housing. This will be used to inform the Lilydale Quarry Amendment to further develop the dwelling proposition to meet housing demand and how to target affordable housing need where it can be viably delivered.

Urbis understands that the Yarra Ranges Shire Council is currently in the process of preparing an Affordable Housing Strategy, which will outline approaches to facilitate affordable housing outcomes across the entire municipality.

In time, we will see how this work views the opportunities to distribute response to need across the municipality and which levers can be pulled to deliver increased affordable housing across the local government area.

In the meantime, this study reviews need and opportunities with the view to understanding an appropriate response at Lilydale Quarry and how the Kinley development can make a contribution among the suite of initiatives in the Affordable Housing strategy designed to promote provision throughout the municipality.

This study does not consider the wider community benefits that may occur with a development of this magnitude, including but not limited to:

- Addition of diverse, high quality open space
- Addition of new community facilities, such as a primary school, kindergarten and maternal and child health services
- Addition of links through the site to improve overall connectivity in the broader area
- Improvement of land utilisation through the removal of an empty quarry site
- Preservation and activation of significant heritage-built form assets
- Provision for a new train station to service residents of the development and the surrounding area
- Diversification of suburb demographics and housing stock.

This report focuses on determining the demand for affordable housing across Yarra Ranges Shire and how the development at Lilydale quarry may contribute to meeting this demand.

The analysis in this report can be summarised as follows:

Lilydale and the LGA have been growing more rapidly than previous estimates and require more homes to be delivered

- The population of the Lilydale-Coldstream SA2 is forecast to grow at 2.4% per annum, which equates to almost 250 dwellings per year between 2019 - 2036. This is greater than the previous forecasts of 1.5% population growth per annum or by nearly 130 dwellings each year. The Yarra Ranges LGA is expected to grow by 715 dwellings per annum, well above previous estimates of 278 dwellings per annum for the Yarra Ranges Shire.
- Demand for medium density and rental accommodation are also likely to have been understated based on this approach and reflects current housing data which is highly skewed towards traditional, single-family housing.
- When you consider the relationship with the surrounding local housing market area, density continues to ripple out from the centre of Melbourne. There is a sizeable future requirement of medium density in the surrounding local housing market area. Lilydale can also contribute to this requirement given the way it is currently functioning within this housing market.
- The analysis indicates **a requirement to deliver 12,160 additional homes in the LGA and 4,200 homes in the Lilydale SA2 by 2036**. It is integral that housing policy accounts for not only meeting

housing demand but also achieving diversification as the provision of high quality new dwellings at a range of densities would be expected to cater to the needs of single, couple and family households of all tenure types.

Housing choice is limited for residents of the local area

- Housing choice is predominantly limited to low density separate houses with flats, units and apartments having low representation across the municipality. This is reflected in dwelling structure options where dwellings with 3 or more bedrooms have the strongest weighting. This can limit the housing and affordability options for individuals looking to purchase or rent a property.
- Price growth for both units and houses has remained above the Greater Melbourne average over the last 20 years. Transaction volumes have however fallen over this period. This is a likely function of a market becoming established. It is also representative of the lack of housing choice on the smaller end of the spectrum, which limits the ability for purchasers to obtain a more affordable home.
- Whilst renting is the least represented form of housing tenure in the Lilydale area, the last decade is evidence that appetite for this form of living is growing and should be considered in the development of future housing at Kinley to assist with consumer choice and affordability pressures.

Moderate Income Earners and Above Make Up the Largest Proportion of Households and the greatest opportunity

- The income profile across the Lilydale-Coldstream SA2, Local Housing Market Area, Yarra Ranges LGA and Greater Melbourne are broadly similar. Lone persons have the highest propensity to fall into lower income brackets whilst families with no children had a greater tendency to be in higher income ranges. Out of Very Low, Low- and Moderate-income ranges identified in the *Planning & Environment Act 1987* (P&E Act), Section 3AB, Order in the Council, the group that had the largest representation (in absolute terms) was the moderate-income group.
- This moderate-income group also holds the greatest opportunity from a delivery perspective, as the percentage discount to market rent required to provide an affordable dwelling for this income band will be lower than what is typically required around Greater Melbourne. See table 0.2 and section 4.1 for further details.
- There is a significant proportion of the market already participating in market housing that is spending more than 30% of household income on housing costs. In the Lilydale-Coldstream SA2, 482 households are paying more than 30% of annual household income on rent. Furthermore, in the Lilydale-Coldstream SA2, 492 households are paying more than 30% of annual household income on mortgage repayments.
- Based on the calculation of affordable housing need across the three benchmark areas (including those already participating in market housing as well as non-market housing), 1,189 lots of affordable housing are currently required in the Lilydale-Coldstream SA2, 7,623 in the Local Housing Market Area and 8,051 in the Yarra Ranges LGA. Within a decade, this need could increase to 1,522 lots of affordable housing being required in the Lilydale-Coldstream SA2, 8,725 in the Local Housing Market Area and 8,970 in the Yarra Ranges LGA.
- Outside of this calculation we note also that the Victorian Housing Register and transfer list by local area shows how many people were waiting to move and transfer to a social housing property as at December 2019. The list in the Outer Eastern area of Melbourne (includes 763 households listed under priority access and a further 1,097 that have registered interest. A further 132 transfer applicants are listed as priority access while a further 121 have registered interest to transfer to a social housing property.

Table 0.1 Current Affordable Housing Need, 2019

	Total Households 2019	Affordable Housing Need 2019 (%)	Affordable Housing Need 2019 (No.)
Lilydale-Coldstream SA2	7,880	15.1%	1,189
Local Housing Market Area	58,320	13.1%	7,623
Yarra Ranges LGA	61,592	13.1%	8,051

Source: ABS, Victoria in Future 2019, Urbis

Table 0.2 Affordable Threshold of Income by Range Against Weekly Market Rents by Locality

		Single Person	Couple (One Bedroom)	Couple (Two Bedrooms)	Family (Two Bedrooms)	Family (Three Bedrooms)
Croydon- Lilydale	Very Low	27%	40%	31%	44%	37%
		54%	80%	62%	87%	73%
	Low	70%	104%	81%	114%	95%
		86%	128%	100%	140%	117%
	Moderate	107%	150%	117%	175%	146%
		128%	193%	150%	210%	176%
Yarra Ranges	Very Low	26%	39%	31%	44%	38%
		52%	77%	62%	87%	76%
	Low	67%	101%	81%	114%	99%
		83%	124%	100%	140%	121%
	Moderate	103%	145%	117%	175%	152%
		124%	186%	150%	210%	182%
Greater Melbourne	Very Low	20%	30%	24%	34%	30%
		40%	60%	49%	68%	59%
	Low	52%	78%	63%	88%	77%
		64%	96%	78%	109%	95%
	Moderate	80%	113%	91%	136%	118%
		97%	145%	116%	163%	142%

Source: DHHS, Planning & Environment Act 1987, Urbis

Key worker housing demand will continue to grow and the response will form an essential part of the Shire of Yarra Ranges' economic prosperity

- A key contributor to future housing demand is the scale of employment, with municipalities needing to ensure that key worker groups are attracted to support the local economy. Healthcare and social assistance, education and training and public administration industries represent key worker groups and are among the top 10 local industries of employment for all three benchmark areas. There would be a strategic benefit in providing housing that appeals to these key worker groups that make up a significant portion of the local economy and are projected to grow.
- For all household types, most of the individuals that worked in the industries included in the key worker group were above the ranges identified in the P&E Act (i.e. Very Low, Low and Moderate). This is a factor that should be considered in the planning for affordable housing as it suggests that a large proportion of key workers may be able to afford to rent or purchase close to or at market rates based on their income profile.

Future affordable housing need can be met in a number of ways

- Individuals living under rental stress represent the group with the highest degree of disadvantage, given that in all three benchmark areas, nearly 50% of renting households were living under rental stress. Providing more private rented accommodation at Kinley may inject some needed rental supply into the market. This may ease affordability pressures derived from minimal rental stock.
- Between 2019 and 2029, an additional 333, 1,101 and 919 affordable housing dwellings are required in the Lilydale SA2, local housing market area and Yarra Ranges LGA respectively. In absolute

terms, the greatest need for affordable housing in all of these regions is expected to be driven by those living under mortgage and rental stress.

- Employees working in Education and Training and Health Care and Social Assistance industries are forecast to grow significantly over the same period. To support this growing employee base, an additional 280 dwellings would be required in the Lilydale-Coldstream SA2 and 1,420 across the entire municipality, although some of this will be subsumed within the existing affordable housing need quantum.

Table 0.3 Affordable Housing Demand Summary Table, 2019 - 2029

	2019			2029			Change 2019-29 (No.)		
	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Population	19,920	152,440	159,270	25,040	170,550	173,010	5,120	18,110	13,740
Dwelling Demand	7,880	58,320	61,590	10,110	66,780	68,640	2,230	8,460	7,050
Dwelling Demand by Housing Tenure									
Owner Occupier	2,680	20,150	21,830	3,430	23,070	24,330	750	2,920	2,500
Purchaser	3,670	27,010	30,790	4,700	30,930	34,320	1,030	3,920	3,530
Renter	1,530	11,170	8,970	1,970	12,800	9,990	440	1,630	1,020
Dwelling Demand by Household Type									
Family With Children	3,820	29,210	30,350	4,890	33,440	33,830	1,070	4,230	3,480
Couple Family No Children	2,160	15,420	17,320	2,780	17,650	19,310	620	2,230	1,990
Group Household	110	1,130	1,050	140	1,290	1,170	30	160	120
Lone Person	1,790	12,570	12,860	2,300	14,390	14,340	510	1,820	1,480
Dwelling Demand by Dwelling Type									
Separate House	6,430	53,070	57,830	8,240	60,770	64,450	1,810	7,700	6,620
Semi-Attached	1,370	4,420	3,400	1,760	5,060	3,790	390	640	390
Flat, Unit or Apartment	80	830	360	100	960	400	20	130	40
Key Worker Demand									
Public Administration and Safety	170	n/a	450	190	n/a	500	20	n/a	50
Education and Training	280	n/a	1,910	430	n/a	2,850	150	n/a	940
Health Care and Social Assistance	410	n/a	1,560	520	n/a	1,990	110	n/a	430
Affordable Housing Demand									
Mortgage Stress	511	3,471	4,323	654	3,973	4,817	143	501	494
Rental Stress	500	3,271	2,697	640	3,743	3,004	140	473	308
Homeless People	45	128	373	57	147	415	12	19	43
Social Housing	110	571	442	141	653	492	31	82	50
Shared Equity Scheme	3	40	61	4	45	68	1	6	7
Housing Co-Op, Communit, Church	21	143	155	27	164	173	6	21	18
Housing Need (No.)	1,189	7,623	8,051	1,522	8,725	8,970	333	1,101	919
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%	15.1%	13.1%	13.1%	-	-	-

Source: ABS, Victoria in Future 2019, Department of Jobs & Small Business, Urbis

- Tables 0.4 – 0.5 shows more households would be able to access housing within 30% of their income if housing were provided at 10%, 20% or 30% less than current levels across rental and mortgage costs. The results highlight that delivering lower rents and mortgage costs can assist in alleviating disadvantage from a large proportion of residents living in both the Lilydale-Coldstream SA2 and the Shire of Yarra Ranges. We can also see that sizeable gains can be made at close to market prices to assist people over the affordability threshold.

Table 0.4 Affordability Threshold Analysis: Lilydale - Coldstream SA2, 2019

	No. of Households Living Under Rental Stress	Additional Households <u>Not</u> Living Under Rental Stress	No. of Households Living Under Mortgage Stress	Additional Households <u>Not</u> Living Under Mortgage Stress
Standard Rent/Mortgage Repayment	482		495	
10% Lower	274	+ 208	217	+ 278
20% Lower	187	+ 87	92	+ 125
30% Lower	120	+ 67	48	+ 44

Source: ABS, Urbis

Table 0.5 Affordability Threshold Analysis: Local Government Area, 2019

	No. of Households Living Under Rental Stress	Additional Households <u>Not</u> Living Under Rental Stress	No. of Households Living Under Mortgage Stress	Additional Households <u>Not</u> Living Under Mortgage Stress
Standard Rent/Mortgage Repayment	2,699		4,324	
10% Lower	1,594	+ 1105	2,074	+ 2250
20% Lower	1,034	+ 560	1,051	+ 1023
30% Lower	733	+ 301	612	+ 439

Source: ABS, Urbis

A holistic response will be required to deliver against the municipality's affordable housing objectives

The key to delivering more affordable housing sits within a number of areas:

1. Ability to deliver more housing overall and avoid the issue deteriorating
2. Ability to deliver a more diverse housing stock that can expand both choice and affordability in the market with medium and high-density options
3. Ability to deliver affordable housing contributions that can be viably delivered, without impacting upon the delivery of housing volume overall

Therefore, in meeting the three objectives above the opportunity at Lilydale Quarry includes:

- Delivering a range of densities to compensate for the scarcity of smaller dwelling types and enhance the ability to deliver against forecast dwelling demand from continued population growth
- Deliver a range of price points (linked to the size and type) to include relatively more affordable options
- Deliver homes targeting key workers to ensure talent continues to be attracted to this area and support the growth of these essential sectors to the Shire of Yarra Ranges local economy
- Deliver targeted private rental stock adding supply to the section of the market that is experiencing affordability pressure
- Exploring measures such as shared equity and rent to buy schemes that assist first home buyers to access the market
- Affordable housing for purchase to qualifying households (criteria to be determined)
- Explore Housing Association requirements and viability implications (for both the developer and Registered Housing Associations) for providing land with permits in place to deliver affordable housing.

We expect that the emerging Affordable Housing Strategy will present a range of strategies to deliver affordable housing outcomes at locations throughout the Shire of Yarra Ranges, using a variety of instruments which could include establishing targets, potential inclusionary rezoning, subdivision or density bonuses to promote the provision of affordable housing throughout the municipality.

There are a range of ways in which a development of this scale can deliver against affordable housing objectives. It should however be noted that given the vast requirement for affordable housing across the municipality, no one site or development has the capability to fulfil the entire requirement for affordable housing. Nevertheless, this report provides some assistance and guidance toward how need can be best targeted in Lilydale and the wider municipality.

There is a strategic rationale to deliver density, to add rental supply, to target key workers and even the prospect that smaller scale reductions to housing costs could push a reasonably high number of households positively over the affordability threshold.

In pursuing these objectives, it will be critical to assess viability when determining the extent of provision. This is especially true when one considers the importance of delivering homes (of all kinds) sooner, rather than later to meet the needs of a growing population and keep wider affordability in check.

The development of Lilydale Quarry will be staged over time. The affordable housing landscape will continue to evolve as need is monitored and delivery models and funding are progressed. Therefore, it makes sense to continue to firm up the affordable housing proposition at each stage as appropriate.

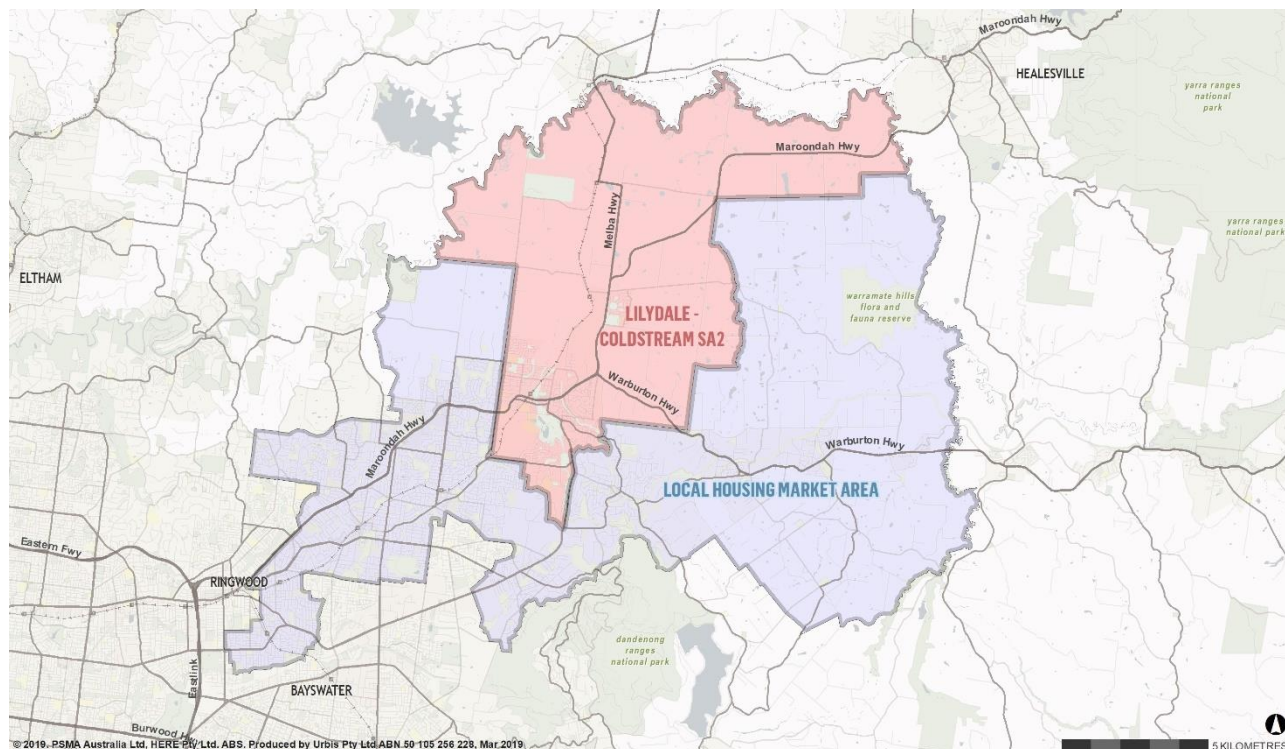
1. INTRODUCTION

The purpose of this report is to provide an evidence base of local housing requirements and affordable housing need in and the around the Lilydale area to understand levels of need at different thresholds of affordability (as defined by the state) for both residents and workers. This analysis also tests affordability thresholds in a local context and provides evidence of 'market' prices and rents in the market.

This report is intended to inform the joint venture partners' strategy for providing the appropriate housing products and target specific needs for housing by understanding how the development can make a positive contribution to the future prosperity of the wider community.

1.1. CATCHMENT AREA

Map 1 Lilydale Quarry Catchment Area



The study area benchmarks have been defined as follows:

Lilydale-Coldstream SA2 – The Australian Bureau of Statistics defines Statistical Areas Level 2 (SA2s) as areas designed to reflect functional areas that represent a community that interacts together socially and economically. The Lilydale-Coldstream SA2 is the primary trade area of the study area and is where the subject site is located.

Local Housing Market Area – This area comprises neighbouring SA2s based on migration patterns to Lilydale SA2 from 2015 to 2016. These include Mooroolbark, Chirnside Park, Mount Evelyn, Croydon – West, Croydon Hills- Warranwood, Croydon-East, Ringwood East, Montrose and Wandin-Seville SA2. There is a visible interrelationship between these areas as a functioning housing market.

Shire of Yarra Ranges – This is the municipality where the subject site and majority of the neighbouring SA2s reside in. However, the Local Government Area (LGA) covers a vast area with varied characteristics in different locations.

1.2. RESIDENTIAL MARKET

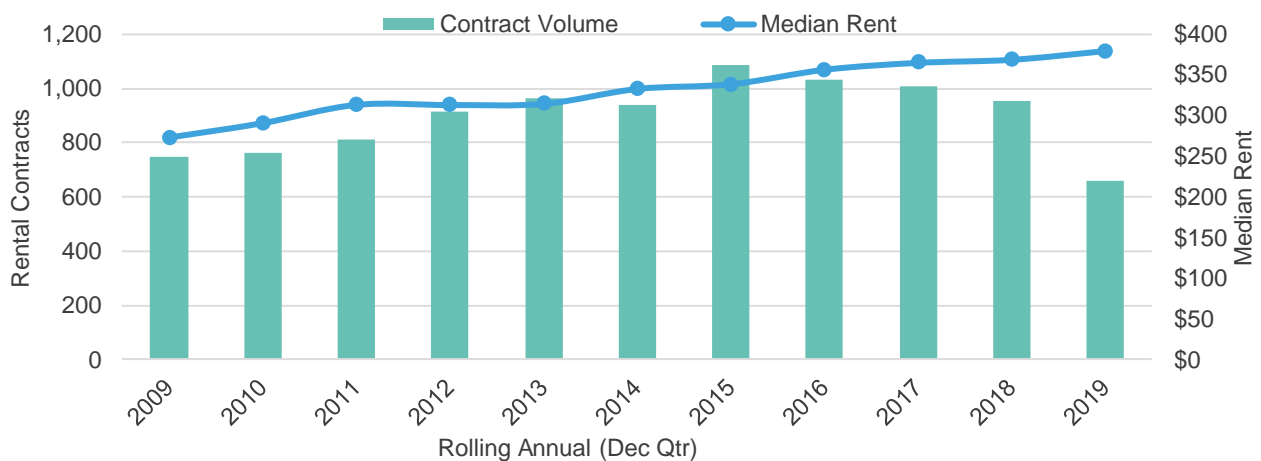
1.2.1. Rental Market

Under the Department of Health & Human Services' geographical definitions, Lilydale in addition to Chirnside Park, Croydon Hills, Croydon North, Croydon South, Kilsyth and Mooroolbark belong to the Croydon-Lilydale area.

The Croydon-Lilydale rental market has grown consistently in the decade to December 2019, with the median rents for houses and units growing annually by 2.8% and 3.4%, respectively. New contract volumes likewise grew at stable rates, increasing by 37% for house contracts and 11% for unit contracts in the ten years to December 2019. Despite renting being the least represented form of housing tenure in the Lilydale area, the market over the last decade highlights that the appetite for this form of living is growing and should be considered in the development of future housing to assist with the affordability and housing choice in the local area.

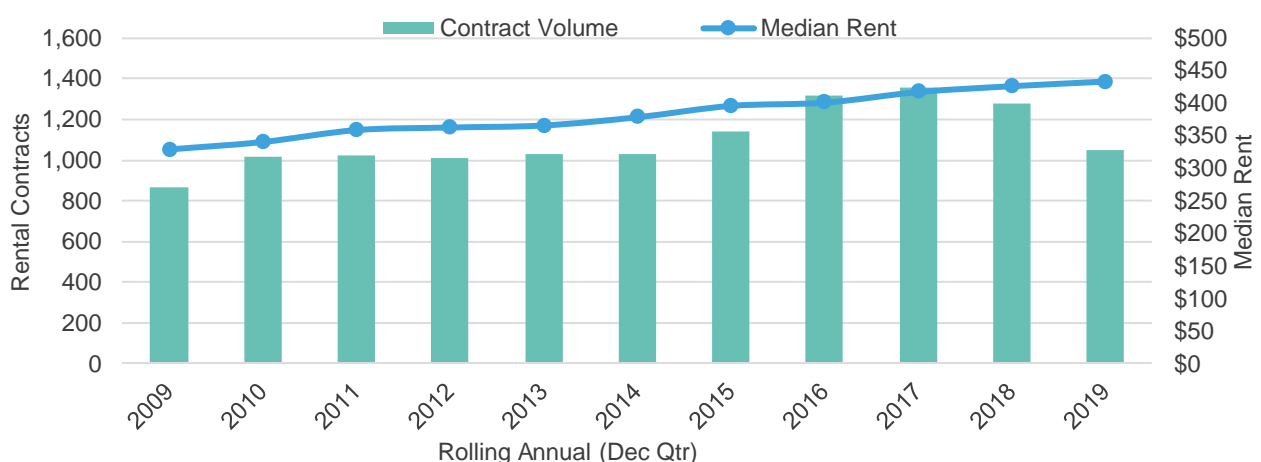
While the volume of newly signed contracts declined in 2019, the median weekly rent continued to increase for both houses and units. This demonstrates rental demand in the area. Introducing affordable housing into the area could assist to steady rental price points as well as generate further newly signed rental contracts.

Chart 1.1 Median Weekly Rents for Units: Croydon-Lilydale Area, 2009-2019 (Year to December)



Source: Department of Health & Human Services, Urbis

Chart 1.2 Median Weekly Rents for Houses: Croydon-Lilydale Area, 2009-2019 (Year to December)



Source: Department of Health & Human Services, Urbis

Table 1.1: Rental Market Summary

	Median Rent 2009	Median Rent 2019	Per Annum Growth 2009 – 2019	Contract Volume 2009	Contract Volume 2019	Per Annum Growth 2009 – 2019
House	\$329	\$433	2.8%	866	1050	1.9%
Unit	\$273	\$379	3.4%	749	660	-1.3%

1.2.2. Sales Market

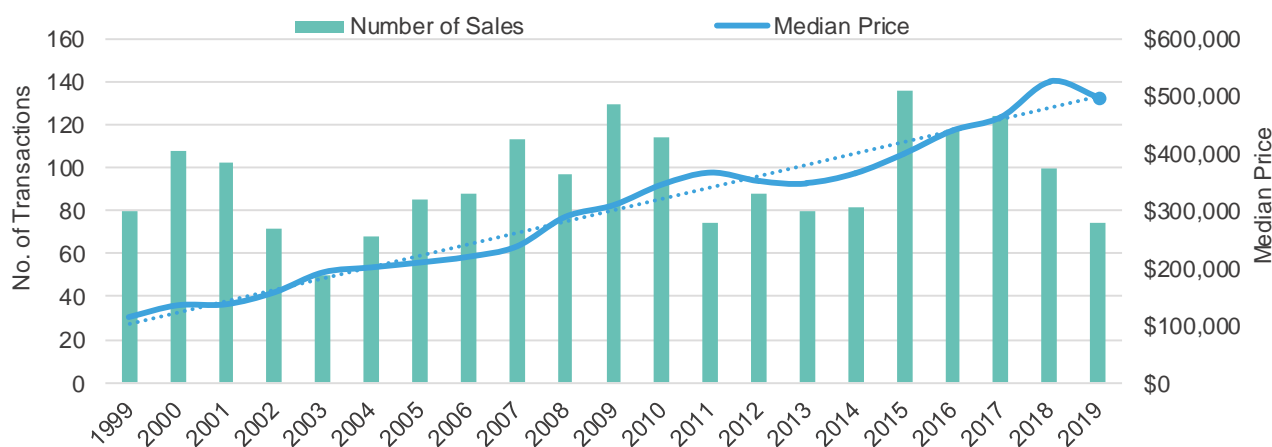
Over the last two decades, the median prices for both houses and units in Lilydale have increased significantly. In the 20 years to December 2019, the median price of houses increased from \$125,000 to \$690,000, representing a per annum increase of 9% or a total increase of 450%. The median price growth of houses over the last 20 years has remained above the Greater Melbourne Average.

Similarly, the median unit price increased 7.6% annually in the 20 years to December 2019. Likewise, median price growth over this period outstripped the rate achieved across Greater Melbourne.

Sale volumes for both houses and units have however decreased over this 20-year period. This stability is likely a function of an established market, but also a lack of diversity of housing stock on the smaller end of the size spectrum, purchasers are unable to gain access to a smaller and more affordable home.

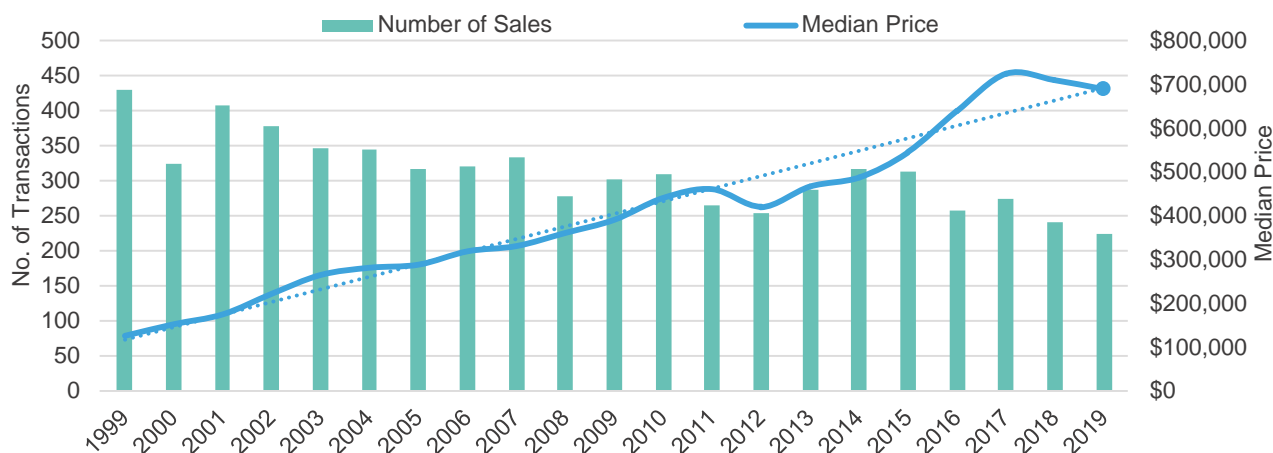
More recently, Melbourne’s slowed property market has resultingly decreased median price points for houses and units in Lilydale. Nevertheless, both price points remain on par to the long-term trend line as charts 3 and 4 below show.

Chart 1.3 Median Price for Units: Lilydale, 1999-2019 (Year to December)



Source: Pricerfinder, Urbis

Chart 1.4 Median Price for Houses: Lilydale, 1999-2019 (Year to December)



Source: Pricerfinder, Urbis

Table 1.2: Sales Market Summary

	Median Price 1999	Median Price 2009	Median Price 2019	Per Annum Growth 1999 – 2019	Per Annum Growth 2009 – 2019
House	\$124,980	\$390,000	\$690,000	8.9%	5.9%
Unit	\$115,000	\$310,000	\$497,470	7.6%	4.8%

Source: Pricerfinder, Urbis

1.3. CURRENT AFFORDABLE HOUSING INCOME RANGES

The Planning and Environment Act (1987) defines affordable housing as

“housing, including social housing, that is appropriate for the housing needs of any of the following

- (a) *Very Low-Income Households*
- (b) *Low Income Households*
- (c) *Moderate Income Households”*

A Governor in Council Order (the Order) forms part of the definition of Affordable Housing. The Order, published in the Government Gazette, specifies the income ranges for very low, low- and moderate-income households for Affordable Housing that is not social housing. These income ranges are useful in identifying different levels of affordability on the spectrum, and are as follows:

Table 1.3 Qualifying Household Income Ranges for Affordable Housing: Greater Melbourne

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$25,970	\$25,971 to \$41,550	\$41,551 to \$62,310
Couple, no dependant	Up to \$38,950	\$38,951 to \$62,320	\$62,321 to \$93,470
Family (with one or two parents) and dependent children	Up to \$54,520	\$54,521 to \$87,250	\$87,251 to \$130,870

Source: Planning and Environment Act (1987)

Based on this government definition, the proportion of households in each income range, living in each benchmark area is represented in the table below. The figures have been derived from the 2016 ABS Census. In Table 1.4, Lone Person households are used as a reference to single adults per the Planning and Environment Act. Couple Family – No Children are used as a proxy for Couple with no dependent and Family – Children is used for Family (one or two parents) and dependent children. In each benchmark area,

the colour coding is organised such that the closer to red or green, the higher or lower the proportion of residents belonging to that income range and household type.

Overall, the income profiles across all 4 benchmark areas are relatively similar. Of all the household types, lone persons have the highest propensity to fall into lower income brackets with couple families with no children having the lowest propensity. When we look at the income profile overall, we can see that the 'moderate' income range is well represented in the Lilydale-Coldstream SA2, the Local Housing Market Area and the Yarra Ranges LGA.

Table 1.4 Number of Households by Income Range by Household Composition, 2016

		Lone Person	Couple Family No Children	Family With Children	Total
Lilydale-Coldstream SA2	Very Low	39%	15%	16%	21%
	Low	22%	25%	22%	23%
	Moderate	22%	16%	30%	25%
	Above Moderate	17%	44%	32%	32%
	Total	100%	100%	100%	100%
Local Housing Market Area	Very Low	36%	14%	14%	19%
	Low	21%	24%	20%	21%
	Moderate	20%	15%	29%	24%
	Above Moderate	22%	47%	37%	36%
	Total	100%	100%	100%	100%
Yarra Ranges LGA	Very Low	40%	15%	15%	20%
	Low	21%	25%	21%	22%
	Moderate	20%	16%	30%	24%
	Above Moderate	19%	45%	34%	34%
	Total	100%	100%	100%	100%
Greater Melbourne	Very Low	36%	15%	18%	21%
	Low	17%	21%	20%	19%
	Moderate	19%	14%	26%	21%
	Above Moderate	27%	50%	36%	38%
	Total	100%	100%	100%	100%

In terms of households belonging to very low, low- and moderate-income ranges, the moderate income group (in absolute terms) is consistently the largest across all benchmark areas in total and for families with children in particular.

2. POPULATION & DEMOGRAPHICS

This section of the report explores resident population projections and what dwelling demand is as well as the current states of population and workers and how this translates to future dwelling demand as well as affordable housing need. We identify housing needs across several household formations and tenure types to understand what the depth of the market is currently. Finally, we analyse key workers and how these groups translate to a potential future dwelling demand as well as affordable housing need.

2.1. POPULATION & DWELLINGS

The State Government's *Victoria in Future 2019* provides the latest population and dwelling projections. This has been analysed for the Lilydale – Coldstream SA2, Housing Market Area and Yarra Ranges LGA.

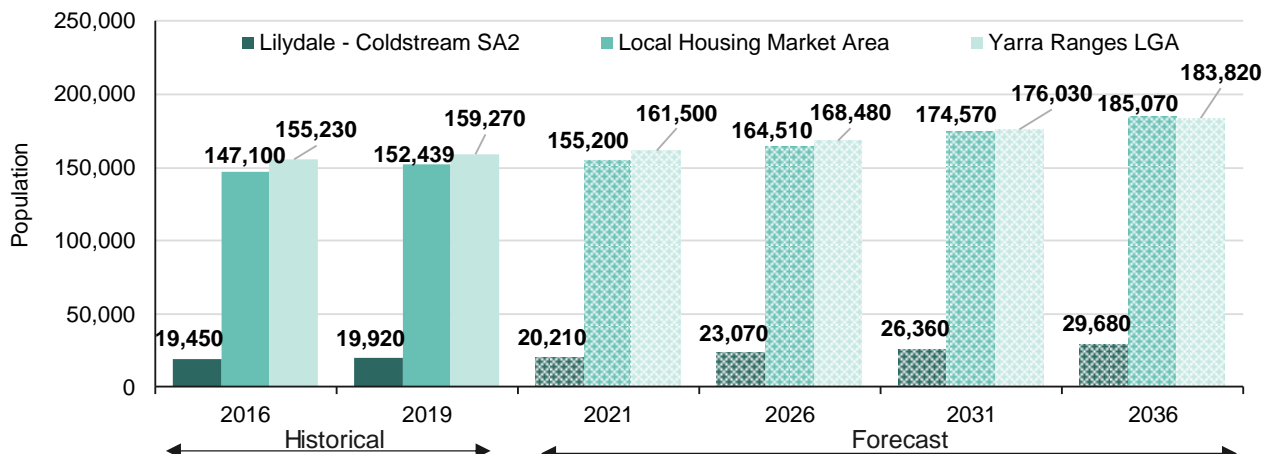
The population of the Lilydale-Coldstream SA2 is forecast to grow at 2.4% per annum or nearly 575 people each year between 2019 and 2036. The surrounding Local Housing Market Area is anticipated to increase by 1,920 people per year whilst the Yarra Ranges LGA is expected to grow by 1,445 people per annum.

In terms of dwelling demand, government estimates indicate that the number of additional housing needed between 2019 and 2036 is projected at **250 dwellings per year in Lilydale – Coldstream SA2, 870 dwellings per year in the Local Housing Market Area, and 715 dwellings per year in Yarra Ranges LGA.**

Charts 2.1 – 2.2 below provide population and dwelling forecasts at 5-year intervals from 2016 to 2036. Estimates in 2019 are also included as reference.

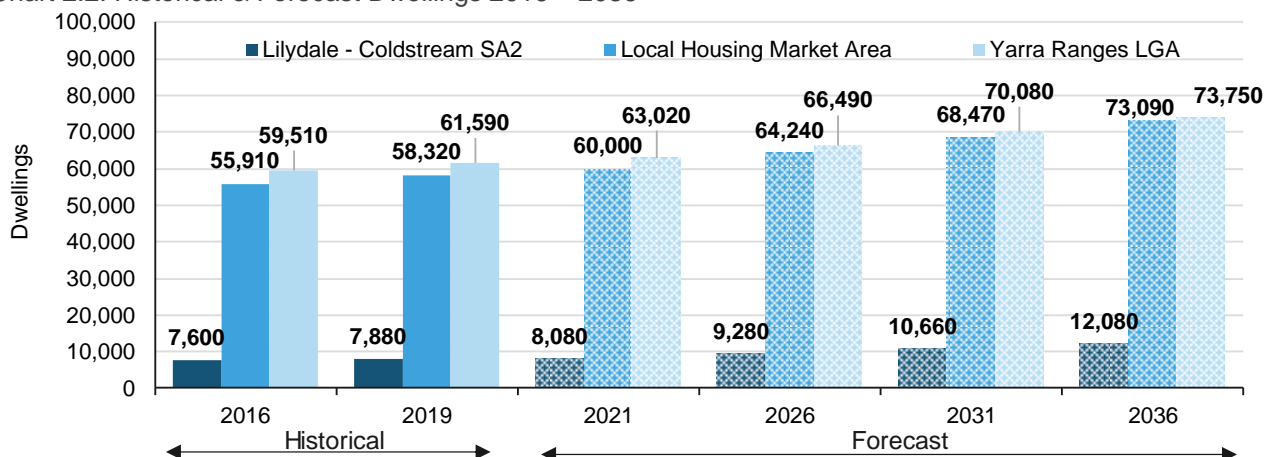
It is therefore important to maintain a consistent and diverse pipeline of dwellings in order to meet forecast housing demand from a changing demographic and growing resident base.

Chart 2.1: Historical & Forecast Population 2016 – 2036



Source: *Victoria in Future 2019*

Chart 2.2: Historical & Forecast Dwellings 2016 – 2036



Source: *Victoria in Future 2019*

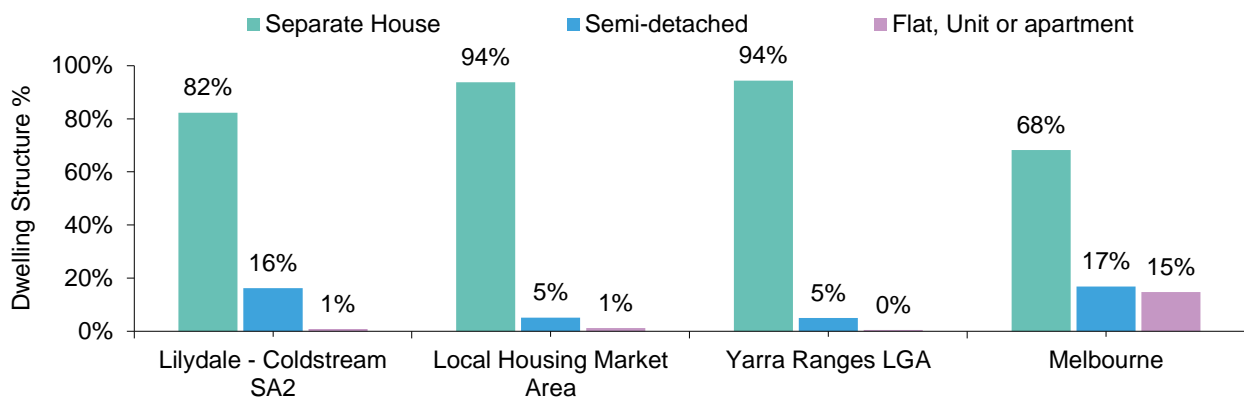
2.2. KEY DEMOGRAPHICS

Most of the housing stock within the Lilydale-Coldstream SA2, the Local Housing Market Area and the Yarra Ranges LGA is low density separate houses, particularly in the broader municipality. Flats, units and apartments are barely represented in these three areas, which limits the diversity of housing and affordability options for those looking to purchase or rent a property. Greater Melbourne offers a broader array of housing options with a much stronger balance between the three dwelling structures.

In line with the skewed dwelling structure options, bedroom types are also weighted toward dwellings with three or more bedrooms. Compared to the 27% in Greater Melbourne, only 20% of dwellings in the Lilydale-Coldstream SA2 have 1 or 2 bedrooms, with even less across the Local Housing Market Area and the Yarra Ranges LGA.

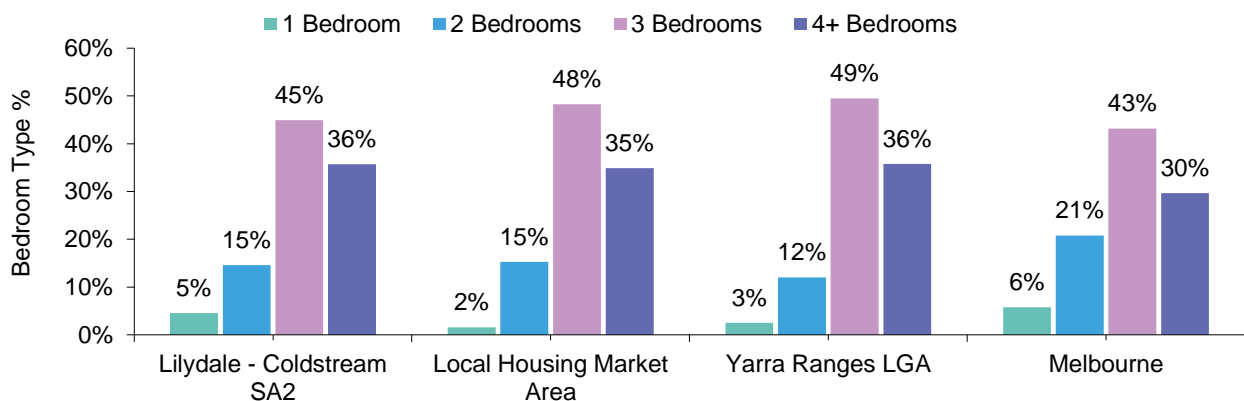
Broadening the diversity of housing stock could enhance affordability with smaller lot or attached dwellings delivered locally.

Chart 2.3 Dwelling Structure 2016



Source: ABS, Urbis

Chart 2.4 Dwellings by Number of Bedrooms 2016

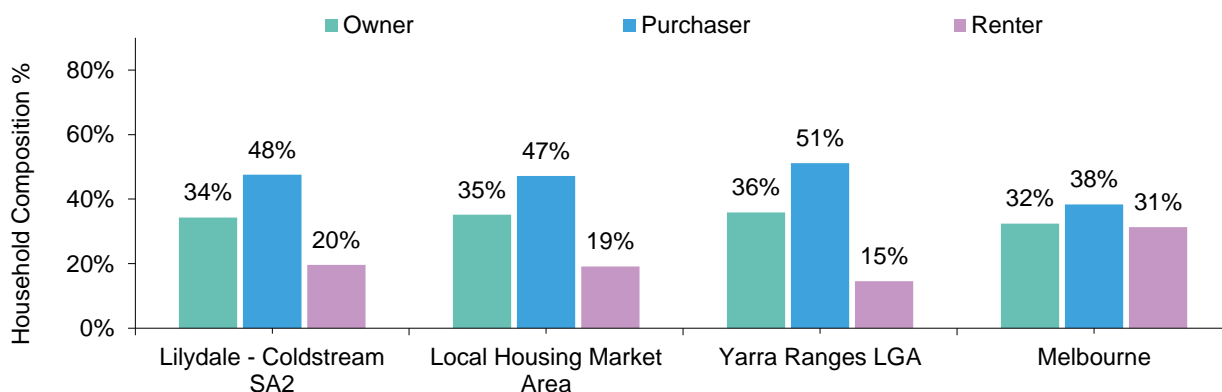


Source: ABS, Urbis

When housing tenure and housing composition are compared, the breakdown across all benchmarks is relatively more aligned. The proportion of owner occupiers across all four areas is relatively consistent, whilst purchasers are more heavily represented in the Lilydale-Coldstream SA2, the Local Housing Market Area and the Yarra Ranges LGA and renters less well represented than in Greater Melbourne.

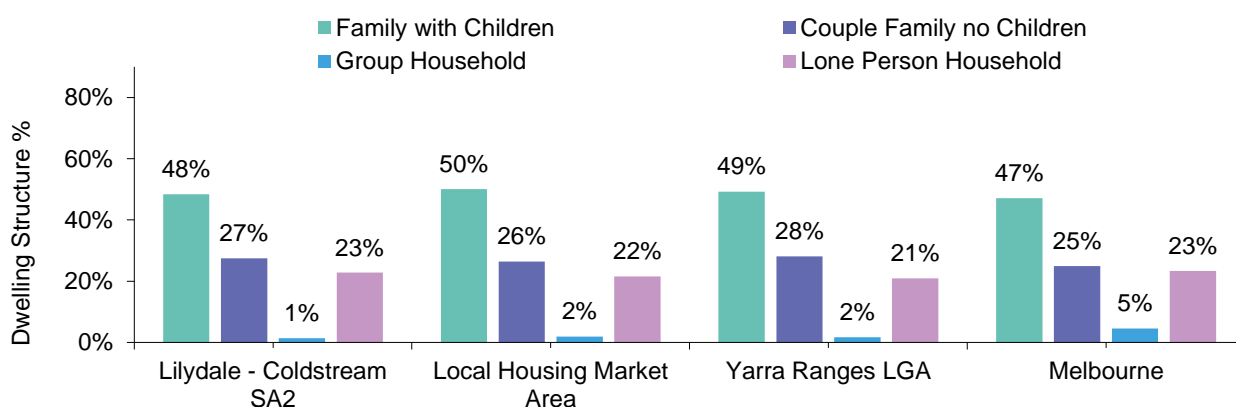
The household composition across all benchmark areas remains relatively similar, dominated by family households with children. Almost one quarter of all Lilydale households are single person households, with this group accounting for over one fifth of all households in the LGA. Along with around one quarter of households being couples with no children, once again this implies scope to increase provision of smaller dwelling types to appeal to meet affordability needs or also lower maintenance options for smaller households.

Chart 2.5 Housing Tenure 2016



Source: ABS, Urbis

Chart 2.6 Household Composition 2016



Source: ABS, Urbis

2.3. HOUSING STRESS

This section shows the quantum of households in housing stress in 2016. These quantities have then been adjusted by the revised 2016 population for each of these areas outlined by VIF19, using the proportion of overall housing stress that each measure accounted for.

2.3.1. Rental Stress

The following three tables visually map the distribution of privately rented households based on their annual household income and weekly rent paid. This helps to understand the extent of affordable housing need in practice.

The red line represents the threshold where the rent paid is greater than or equal to 30% of their annual household income. In each column, any result that is above the red line represents the number of households that are theoretically in rental stress (i.e. spending more than 30% of income on rent). This gives an indication of the scale of the potential affordable housing need as well as setting the scene for what it would take to shift affordability challenged residents to the right side of the 30% threshold.

- In the Lilydale-Coldstream SA2, 566 households are paying less than 30% of annual household income on rent. Some 476 households are paying more than 30% of annual household income on rent. This has been revised to **482 households** with latest population data.
- In the Local Housing Market Area, 3,776 households are paying less than 30% of annual household income on rent. Some 2,700 households are paying more than 30% of annual household income on rent. This has been revised to **3,136 households** with latest population data.
- In the Yarra Ranges LGA area, 2,975 households are paying less than 30% of annual household income on rent. Some 2,560 households are paying more than 30% of annual household income on rent. This has been revised to **2,606 households** with latest population data.

Table 2.1: Lilydale - Coldstream SA2 Household Income by Weekly Rent Paid 2016

	< \$150	\$150-\$199	\$200-\$249	\$250-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$549	\$550-\$649	\$650-\$749	> \$750	Total
\$1-\$149 (\$1-\$7,799)	0	0	3	0	0	0	0	0	0	0	0	3
\$150-\$299 (\$7,800-\$15,599)	12	0	4	0	4	0	0	0	0	0	0	20
\$300-\$399 (\$15,600-\$20,799)	9	8	10	7	9	3	0	0	0	0	0	46
\$400-\$499 (\$20,800-\$25,999)	17	11	11	18	11	7	0	0	0	0	0	75
\$500-\$649 (\$26,000-\$33,799)	0	6	23	10	26	14	12	3	0	0	0	94
\$650-\$799 (\$33,800-\$41,599)	5	15	21	23	24	18	12	0	0	0	0	118
\$800-\$999 (\$41,600-\$51,999)	12	4	11	21	23	25	3	7	0	0	0	106
\$1,000-\$1,249 (\$52,000-\$64,999)	0	3	10	27	45	33	15	6	0	0	0	139
\$1,250-\$1,499 (\$65,000-\$77,999)	4	0	11	12	30	31	8	9	0	0	0	105
\$1,500-\$1,749 (\$78,000-\$90,999)	0	0	4	3	19	27	9	3	0	0	0	65
\$1,750-\$1,999 (\$91,000-\$103,999)	0	0	0	0	18	20	16	6	0	0	4	64
\$2,000-\$2,499 (\$104,000-\$129,999)	0	0	0	12	27	42	22	20	0	0	0	123
\$2,500-\$2,999 (\$130,000-\$155,999)	0	0	0	0	8	17	11	14	4	0	0	54
\$3,000-\$3,499 (\$156,000-\$181,999)	0	0	0	0	6	0	0	3	0	0	0	9
\$3,500-\$3,999 (\$182,000-\$207,999)	0	0	0	0	0	3	9	5	0	0	0	17
\$4,000-\$4,499 (\$208,000-\$233,999)	0	0	0	0	0	0	0	4	0	0	0	4
\$4,500-\$4,999 (\$234,000-\$259,999)	0	0	0	0	0	0	0	0	0	0	0	0
\$5,000-\$5,999 (\$260,000-\$311,999)	0	0	0	0	0	0	0	0	0	0	0	0
\$6,000-\$7,999 (\$312,000-\$415,999)	0	0	0	0	0	0	0	0	0	0	0	0
\$8,000 or more (\$416,000 or more)	0	0	0	0	0	0	0	0	0	0	0	0
Total	59	47	108	133	250	240	117	80	4	0	4	1,042

Source: ABS, Urbis

Table 2.2: Local Housing Market Area Household Income by Weekly Rent Paid 2016

	< \$150	\$150-\$199	\$200-\$249	\$250-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$549	\$550-\$649	\$650-\$749	> \$750	Total
\$1-\$149 (\$1-\$7,799)	11	0	0	0	0	0	4	0	0	0	0	15
\$150-\$299 (\$7,800-\$15,599)	28	19	5	14	23	11	3	0	0	0	0	103
\$300-\$399 (\$15,600-\$20,799)	82	22	31	28	44	26	6	0	0	0	0	239
\$400-\$499 (\$20,800-\$25,999)	94	41	26	60	90	43	13	4	0	0	0	371
\$500-\$649 (\$26,000-\$33,799)	30	37	39	57	141	72	13	14	3	0	0	406
\$650-\$799 (\$33,800-\$41,599)	13	14	66	90	181	116	49	11	3	0	0	543
\$800-\$999 (\$41,600-\$51,999)	15	33	59	122	231	193	46	22	0	0	4	725
\$1,000-\$1,249 (\$52,000-\$64,999)	13	10	45	97	263	213	84	38	3	0	0	766
\$1,250-\$1,499 (\$65,000-\$77,999)	3	18	32	72	235	205	100	49	0	0	3	717
\$1,500-\$1,749 (\$78,000-\$90,999)	3	0	0	27	151	167	96	49	3	0	10	506
\$1,750-\$1,999 (\$91,000-\$103,999)	0	0	8	31	140	181	102	53	0	0	0	515
\$2,000-\$2,499 (\$104,000-\$129,999)	3	13	17	32	177	273	188	122	9	0	4	838
\$2,500-\$2,999 (\$130,000-\$155,999)	0	0	4	0	68	108	73	84	7	3	5	352
\$3,000-\$3,499 (\$156,000-\$181,999)	0	3	0	7	34	40	62	59	10	0	0	215
\$3,500-\$3,999 (\$182,000-\$207,999)	0	0	0	0	3	23	11	31	13	0	4	85
\$4,000-\$4,499 (\$208,000-\$233,999)	0	0	0	0	0	10	7	22	0	0	0	39
\$4,500-\$4,999 (\$234,000-\$259,999)	0	0	0	0	0	0	3	11	4	0	0	18
\$5,000-\$5,999 (\$260,000-\$311,999)	0	0	0	0	0	0	9	8	6	0	0	23
\$6,000-\$7,999 (\$312,000-\$415,999)	0	0	0	0	0	0	0	0	0	0	0	0
\$8,000 or more (\$416,000 or more)	0	0	0	0	0	0	0	0	0	0	0	0
Total	295	210	332	637	1,781	1,681	869	577	61	3	30	6,476

Source: ABS, Urbis

Table 2.3: Yarra Ranges LGA Household Income by Weekly Rent Paid 2016

	< \$150	\$150-\$199	\$200-\$249	\$250-\$299	\$300-\$349	\$350-\$399	\$400-\$449	\$450-\$549	\$550-\$649	\$650-\$749	> \$750	Total
\$1-\$149 (\$1-\$7,799)	0	0	3	0	4	0	4	0	0	0	0	11
\$150-\$299 (\$7,800-\$15,599)	25	9	19	7	33	7	0	0	0	0	0	100
\$300-\$399 (\$15,600-\$20,799)	47	20	45	41	44	16	3	0	0	0	0	216
\$400-\$499 (\$20,800-\$25,999)	103	55	72	84	66	30	17	0	0	0	0	427
\$500-\$649 (\$26,000-\$33,799)	10	40	79	92	121	71	22	8	3	0	0	446
\$650-\$799 (\$33,800-\$41,599)	35	33	106	89	147	111	34	3	0	0	0	588
\$800-\$999 (\$41,600-\$51,999)	27	23	79	125	179	173	35	22	0	0	4	667
\$1,000-\$1,249 (\$52,000-\$64,999)	6	29	44	136	221	170	74	21	0	0	0	701
\$1,250-\$1,499 (\$65,000-\$77,999)	17	15	25	70	176	156	90	44	0	0	0	593
\$1,500-\$1,749 (\$78,000-\$90,999)	0	9	14	26	103	111	69	26	3	0	4	365
\$1,750-\$1,999 (\$91,000-\$103,999)	0	0	12	7	101	134	69	40	0	0	9	372
\$2,000-\$2,499 (\$104,000-\$129,999)	6	9	20	29	133	214	128	83	0	0	4	626
\$2,500-\$2,999 (\$130,000-\$155,999)	0	0	0	6	28	94	53	60	8	3	0	252
\$3,000-\$3,499 (\$156,000-\$181,999)	0	0	0	0	17	15	23	34	3	0	0	92
\$3,500-\$3,999 (\$182,000-\$207,999)	0	0	0	0	0	25	20	12	4	0	0	61
\$4,000-\$4,499 (\$208,000-\$233,999)	0	0	0	0	5	5	0	12	0	0	0	22
\$4,500-\$4,999 (\$234,000-\$259,999)	0	0	0	0	0	0	0	7	0	0	5	12
\$5,000-\$5,999 (\$260,000-\$311,999)	0	0	0	0	0	0	3	8	3	0	0	14
\$6,000-\$7,999 (\$312,000-\$415,999)	0	0	0	0	0	0	0	0	0	0	0	0
\$8,000 or more (\$416,000 or more)	0	0	0	0	0	0	0	0	0	0	0	0
Total	276	242	518	712	1,378	1,332	644	380	24	3	26	5,535

Source: ABS, Urbis

2.3.2. Mortgage Stress

As with rental affordability, the following three tables visually map the distribution of private households with mortgages assessed on annual household income and monthly mortgage repayments. Once again, the red line represents the threshold where the mortgage repayments paid is greater than or equal to 30% of their annual household income. In each column, any result that is above the red line represents the number of households in mortgage stress (i.e. spending more than 30% of income on mortgage repayments).

- In the Lilydale-Coldstream SA2, 2,010 households are paying less than 30% of annual household income on mortgage repayments. Some 485 households are paying more than 30% of annual household income on mortgage repayments. This has been revised to **492 households** with latest population data.
- In the Local Housing Market Area 13,190 households are paying less than 30% of annual household income on mortgage repayments. Some 2,922 households are paying more than 30% of annual household income on mortgage repayments. This has been revised to **3,328 households** with latest population data.
- In the Yarra Ranges LGA, 16,356 households are paying less than 30% of annual household income on mortgage repayments. Some 4,196 households are paying more than 30% of annual household income on mortgage repayments. This has been revised to **4,177 households** with latest population data.

The analysis of both rental and mortgage affordability shows that rental affordability is a greater problem by proportion of renting residents in rental stress.

Table 2.4: Lilydale - Coldstream SA2 Household Income by Monthly Mortgage Repayments 2016

	<\$450	\$600- \$799	\$800- \$999	\$1,000- \$1,199	\$1,200- \$1,399	\$1,400- \$1,599	\$1,600- \$1,799	\$1,800- \$1,999	\$2,000- \$2,199	\$2,200- \$2,399	\$2,400- \$2,599	\$2,600- \$2,999	\$3,000- \$3,999	\$4,000- \$4,999	>\$5,000	Total
\$1-\$7,799	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$7,800-\$15,599	7	0	0	0	4	0	0	0	0	0	0	0	0	0	0	11
\$15,600-\$20,799	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	3
\$20,800-\$25,999	15	5	0	3	5	0	0	0	0	0	0	0	0	0	0	28
\$26,000-\$33,799	4	4	12	6	3	0	3	0	4	0	0	0	0	0	0	36
\$33,800-\$41,599	20	3	5	4	15	9	3	0	0	3	0	0	0	0	0	62
\$41,600-\$51,999	9	4	14	17	14	17	17	0	9	3	4	5	0	0	0	113
\$52,000-\$64,999	23	8	13	15	21	30	21	15	19	7	4	5	6	0	0	187
\$65,000-\$77,999	14	12	13	18	31	25	23	20	26	9	6	9	3	0	0	209
\$78,000-\$90,999	7	7	3	11	24	24	45	24	44	21	3	9	6	0	4	232
\$91,000-\$103,999	19	6	15	13	20	28	33	19	33	21	11	10	17	5	0	250
\$104,000-\$129,999	23	8	14	27	38	39	43	59	93	59	25	47	36	8	3	522
\$130,000-\$155,999	18	7	20	18	31	27	24	33	62	32	18	38	35	6	6	375
\$156,000-\$181,999	16	5	9	10	16	10	19	8	24	16	12	20	20	6	0	191
\$182,000-\$207,999	5	5	0	5	5	9	10	0	19	7	8	8	16	0	3	100
\$208,000-\$233,999	3	0	8	7	4	4	3	6	7	0	3	7	0	5	0	57
\$234,000-\$259,999	0	0	0	0	5	5	3	0	6	0	5	9	16	3	0	52
\$260,000-\$311,999	0	0	0	3	0	0	6	5	6	0	6	7	0	0	3	36
\$312,000-\$415,999	5	0	0	0	3	0	0	0	5	6	3	3	0	6	0	31
\$416,000-\$519,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	188	74	129	157	239	227	253	189	357	184	108	177	155	39	19	2,495

Source: ABS, Urbis

Table 2.5: Local Housing Market Area Household Income by Monthly Mortgage Repayments 2016

	<\$450	\$600- \$799	\$800- \$999	\$1,000- \$1,199	\$1,200- \$1,399	\$1,400- \$1,599	\$1,600- \$1,799	\$1,800- \$1,999	\$2,000- \$2,199	\$2,200- \$2,399	\$2,400- \$2,599	\$2,600- \$2,999	\$3,000- \$3,999	\$4,000- \$4,999	>\$5,000	Total
\$1-\$7,799	0	0	3	0	5	0	3	0	3	0	0	0	0	0	0	14
\$7,800-\$15,599	4	3	7	13	0	3	4	0	4	0	0	0	0	0	0	38
\$15,600-\$20,799	8	0	0	4	8	0	11	0	10	0	0	0	0	0	0	41
\$20,800-\$25,999	92	6	14	27	3	12	4	0	8	3	0	0	0	0	0	169
\$26,000-\$33,799	62	18	13	22	31	27	10	5	7	0	0	3	4	0	0	202
\$33,800-\$41,599	69	33	44	45	33	35	29	29	23	0	5	10	14	0	0	369
\$41,600-\$51,999	91	41	58	98	86	84	82	32	50	21	6	8	23	4	3	687
\$52,000-\$64,999	173	57	68	69	137	133	143	79	103	38	11	30	20	3	0	1,064
\$65,000-\$77,999	97	60	75	105	132	163	159	140	175	65	34	70	41	18	0	1,334
\$78,000-\$90,999	116	34	59	93	138	145	172	148	189	65	53	71	52	14	6	1,355
\$91,000-\$103,999	103	45	69	89	138	142	178	138	201	87	44	104	79	10	15	1,442
\$104,000-\$129,999	190	71	114	166	226	270	350	284	493	294	179	294	218	52	14	3,215
\$130,000-\$155,999	112	79	83	104	166	176	236	183	353	190	120	272	251	38	15	2,378
\$156,000-\$181,999	70	35	41	66	79	87	118	95	201	124	88	183	203	30	15	1,435
\$182,000-\$207,999	52	13	38	52	52	60	62	48	123	53	64	124	145	51	22	959
\$208,000-\$233,999	23	7	22	17	19	36	25	26	87	26	47	43	96	14	16	504
\$234,000-\$259,999	8	15	5	36	20	25	26	18	53	19	25	51	81	26	12	420
\$260,000-\$311,999	13	3	8	13	24	21	20	17	39	15	26	57	56	15	14	341
\$312,000-\$415,999	3	9	0	8	0	3	3	5	20	10	8	14	34	13	11	141
\$416,000-\$519,999	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	4
Total	1,286	529	721	1,027	1,297	1,422	1,635	1,247	2,142	1,010	710	1,334	1,321	288	143	16,112

Source: ABS, Urbis

Table 2.6: Yarra Ranges LGA Household Income by Monthly Mortgage Repayments 2016

	<\$450	\$600- \$799	\$800- \$999	\$1,000- \$1,199	\$1,200- \$1,399	\$1,400- \$1,599	\$1,600- \$1,799	\$1,800- \$1,999	\$2,000- \$2,199	\$2,200- \$2,399	\$2,400- \$2,599	\$2,600- \$2,999	\$3,000- \$3,999	\$4,000- \$4,999	>\$5,000	Total
\$1-\$7,799	8	0	0	0	0	4	3	0	0	0	0	0	0	0	0	15
\$7,800-\$15,599	19	12	27	6	11	0	10	7	4	0	0	0	0	0	0	96
\$15,600-\$20,799	31	6	3	11	16	0	14	0	3	0	0	0	0	0	0	84
\$20,800-\$25,999	113	33	46	17	27	20	9	0	7	7	0	0	0	0	0	279
\$26,000-\$33,799	73	38	56	50	51	43	17	8	18	0	0	3	0	0	0	357
\$33,800-\$41,599	181	43	96	61	84	58	39	30	20	8	0	13	16	0	0	649
\$41,600-\$51,999	146	58	110	141	160	111	134	56	63	27	13	25	23	4	3	1,074
\$52,000-\$64,999	215	82	141	149	229	210	217	125	122	56	31	35	34	10	3	1,659
\$65,000-\$77,999	168	81	121	187	225	222	224	209	209	67	34	95	62	21	5	1,930
\$78,000-\$90,999	130	58	90	129	211	239	244	212	267	110	45	87	74	19	7	1,922
\$91,000-\$103,999	121	66	88	136	176	225	257	205	269	128	66	117	116	16	8	1,994
\$104,000-\$129,999	195	86	151	210	310	336	452	399	643	328	213	341	223	70	22	3,979
\$130,000-\$155,999	119	76	107	143	195	206	276	237	411	222	142	291	231	57	22	2,735
\$156,000-\$181,999	66	37	59	81	90	113	127	105	207	131	92	165	172	42	19	1,506
\$182,000-\$207,999	41	15	36	35	71	81	63	46	146	64	56	90	138	41	26	949
\$208,000-\$233,999	30	0	30	15	37	22	44	22	88	34	43	55	82	20	11	533
\$234,000-\$259,999	9	8	16	35	11	35	38	23	46	21	19	50	84	27	12	434
\$260,000-\$311,999	0	3	4	6	17	16	15	16	27	5	16	25	42	14	14	220
\$312,000-\$415,999	5	5	5	0	3	0	0	9	17	11	13	12	17	19	18	134
\$416,000-\$519,999	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
Total	1,673	707	1,186	1,412	1,924	1,941	2,183	1,709	2,567	1,219	783	1,404	1,314	360	170	20,552

Source: ABS, Urbis

2.3.3. Other groups in housing stress

Households under rental stress can fall into other public tenure type categories. These quantities have been kept the same for 2016 as these are an official count and cannot be assumed to be extended as a proportion of growth. This includes the following tenure arrangements as defined by the ABS:

- Homeless People
- Social Housing
- Shared Equity Scheme
- Housing Co-operative, Community or Church

Table 2.7 (below) quantifies the number of households classified under these tenure types across the Lilydale – Coldstream SA2, Local Housing Market Area and the Yarra Ranges LGA. Our analysis assumes that each homeless person accounts for one household in measuring the depth of the market.

Table 2.7: Other tenure types potentially under housing stress, 2016

	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Homeless People	43	123	360
Social Housing	106	547	427
Shared Equity Scheme	3	38	59
Housing Co-Op, Community, Church	20	137	150

Source: ABS, Urbis

2.3.4. Housing Stress Summary, 2016

Table 2.8: Affordable Housing Demand as at 2016 (adjusted to VIF19 estimates)

	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Mortgage Stress	493	3,328	4,177
Rental Stress	482	3,136	2,606
Homeless People	43	123	360
Social Housing	106	547	427
Shared Equity Scheme	3	38	59
Housing Co-Op, Community, Church	20	137	150
Housing Need (No.)	1,147	7,308	7,779
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%

Source: ABS, Urbis

2.4. KEY WORKERS

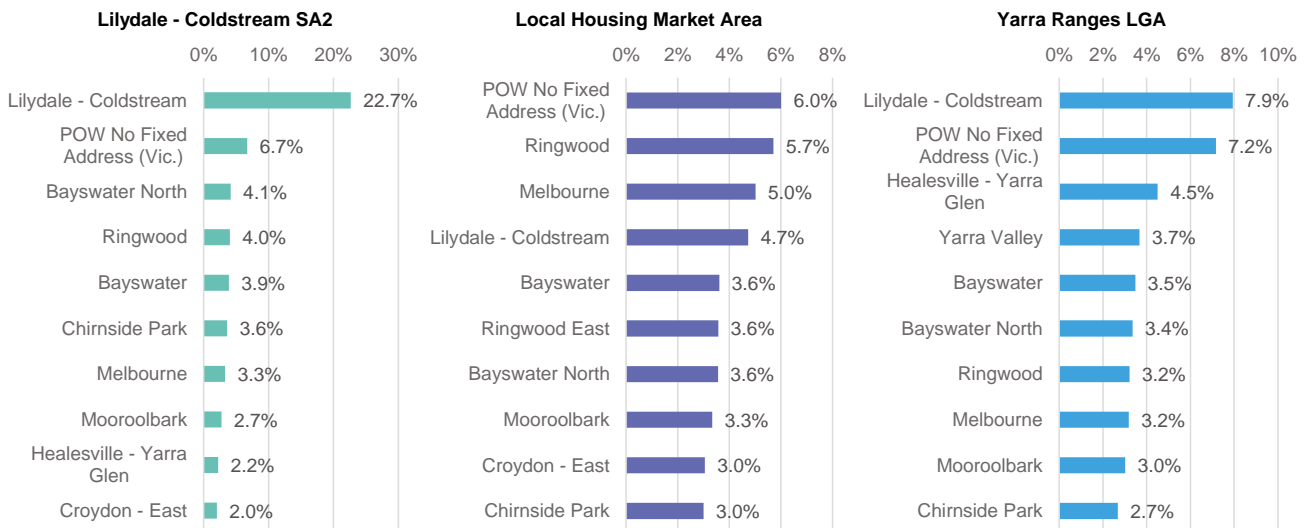
2.4.1. Demographics

A key contributor to future housing need and demand is the scale and nature of employment. Certain municipalities also have greater interest in ensuring key workers are attracted to support essentials services. Identifying key worker profiles assists in understanding their relative income and depth in market.

Journey to Work data indicates that the Lilydale-Coldstream SA2 has a relatively contained employment market with approximately 23% of all residents living and working within the local area. The worker profiles of the Local Housing Market Area and the Shire of Yarra Ranges are likewise relatively contained with a large proportion of workers concentrated within the surrounding eastern area of Melbourne.

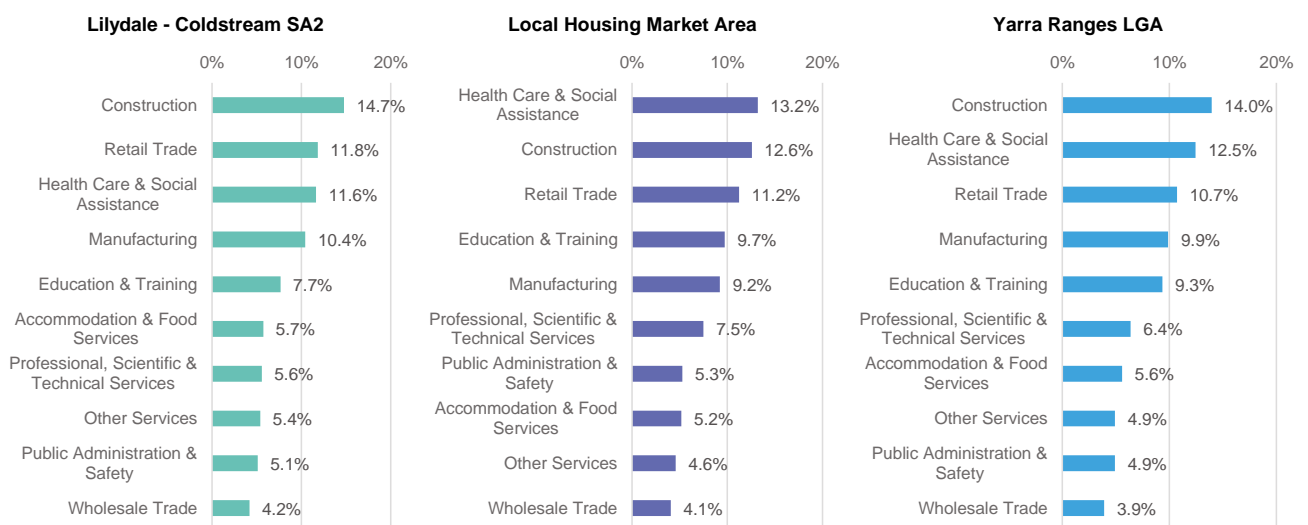
Healthcare and social assistance, education and training and public administration industries are among the top 10 local industries of employment for all three benchmark areas. In fact they account for 27% of employment in the LGA and over 24% in Lilydale SA2. This means that there would be strategic merit in providing forms of housing that appeal to these key worker types as they represent a significant portion of the local employment market and play a pivotal role as part of the community service base. Moving forward, the industries of healthcare and social assistance, education and training and public administration will be referred to as the key worker groups.

Chart 2.7: Top 10 Places of Work: Lilydale – Coldstream SA2, Local Housing Market Area, Yarra Ranges



Source: ABS, Urbis

Chart 2.8: Top 10 Work Industries: Lilydale – Coldstream SA2, Local Housing Market Area, Yarra Ranges



Source: ABS, Urbis

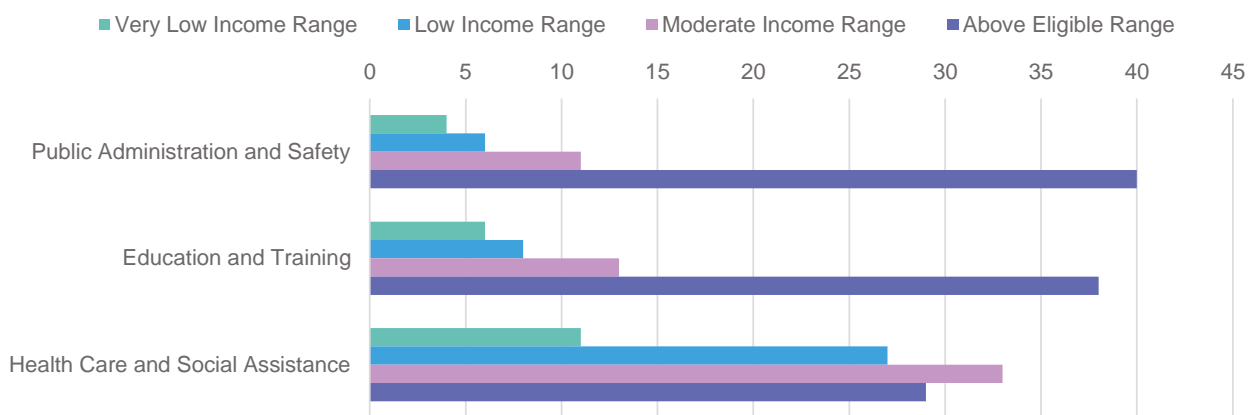
2.4.2. Income Ranges

By comparing income ranges based on the key worker groups and household types, we can better understand key employee and household types that could be targeted for affordable housing. The income ranges utilised are identified under the Affordable Housing definition by the Victorian Government.

For all household types, most of the individuals that worked in the industries included in the key worker group fell outside the income brackets that are eligible for affordable housing. For example, even in lone person and group households, which had a higher propensity to earn lower incomes overall, the vast majority of individuals who worked in healthcare and social assistance, education and training and public administration industries earned either moderate or above incomes.

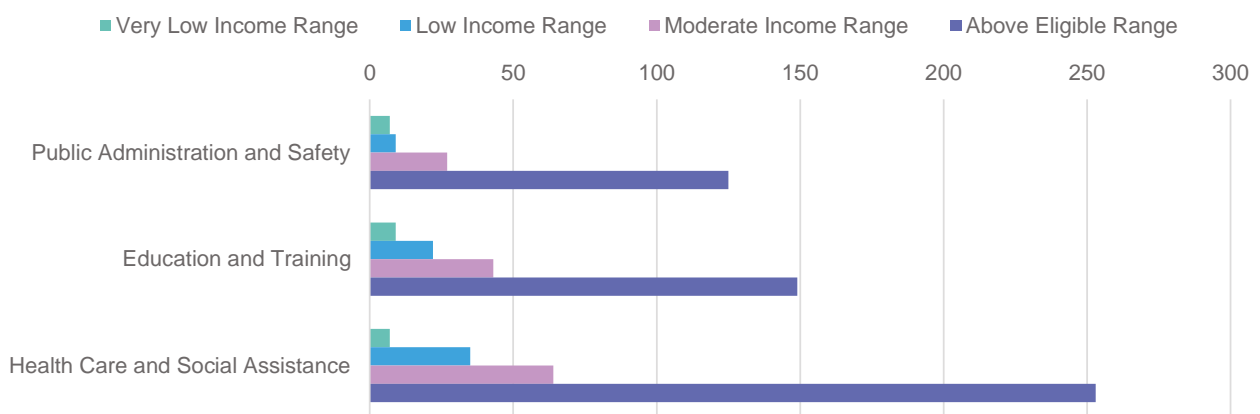
This factor should be considered when planning for the provision of affordable housing. A significant volume of key workers may be able to afford market rates in this particular location, or at least, close to market rates given those that belong to the study area's key groups earn relatively higher incomes. That said, retaining and attracting them remains an important objective to sustain the prosperity and service provision in the municipality.

Chart 2.9: Income Range by Key Worker Groups: Lone & Group Households, Lilydale–Coldstream SA2



Source: ABS, Urbis

Chart 2.10: Income Range by Key Worker Groups: Couple Families no Children, Lilydale–Coldstream SA2



Source: ABS, Urbis

Chart 2.11: Income Range by Key Worker Groups: Family Households, Lilydale–Coldstream SA2



Source: ABS, Urbis

In addition to their current importance in the market, it is useful to consider the future demand generated by growth in key worker sectors.

The Department of Jobs and Small Business provides employment forecasts based on industry for areas across Australia. Looking forward, the key growing industries for the Melbourne Outer East area appear to be Education and Training, Health Care and Social Assistance, Professional Services, Real Estate Services and Construction. Mining and IT are sectors that anticipates a decline. These key industries align closely to the key occupations identified in the three benchmark areas.

Overall, the number of jobs in the Melbourne Outer East area is forecast to grow by more than 24,600 which represents a total growth rate of around 9%.

Table 2.9: Employment Projections by Industry - Melbourne Outer East, May 2019 – May 2024

Industry	Employment	Employment	Employment Growth	Employment Growth
	Persons May 2019	Persons May 2024	(No.) 2019 - 2024	(%) 2019 - 2024
Agriculture, Forestry and Fishing	3,395	3,472	78	2.3%
Mining	501	475	-26	-5.2%
Manufacturing	29,887	30,197	309	1.0%
Electricity, Gas, Water and Waste Services	3,125	3,344	218	7.0%
Construction	31,696	34,709	3,012	9.5%
Wholesale Trade	13,099	13,800	702	5.4%
Retail Trade	31,239	31,708	469	1.5%
Accommodation and Food Services	14,802	15,236	434	2.9%
Transport, Postal and Warehousing	9,020	9,020	0	0.0%
Information Media and Telecommunications	5,869	5,650	-219	-3.7%
Financial and Insurance Services	9,005	9,366	361	4.0%
Rental, Hiring and Real Estate Services	4,253	4,675	422	9.9%
Professional, Scientific and Technical Services	26,087	32,994	6,906	26.5%
Administrative and Support Services	8,861	8,861	0	0.0%
Public Administration and Safety	12,055	12,579	524	4.3%
Education and Training	26,128	31,944	5,816	22.3%
Health Care and Social Assistance	32,984	37,244	4,260	12.9%
Arts and Recreation Services	4,551	5,023	472	10.4%
Other Services	12,199	13,115	916	7.5%
Total (industry)	278,759	303,411	24,652	8.8%

Source: Department of Jobs and Small Business, Urbis

3. AFFORDABLE HOUSING NEED

This section of the report seeks to understand the future states of population and workers and how this translates to future dwelling demand as well as affordable housing need.

3.1. 2019 AFFORDABLE HOUSING NEED

3.1.1. Population & Demographics

Using Victoria in Future 2019 population forecasts and maintaining the demographic breakdown from the 2016 census, as outlined in section 2, we can update the quantum of key population sectors to 2019. This provides an end demand that closely mirrors the affordable housing need around Lilydale today.

Although we have maintained the 2016 proportions, the trends of densification and rental market growth seen rippling out of Melbourne will likely drive additional demand for smaller dwellings and rental stock, which would otherwise continue to be underrepresented. In fact, provision of high-quality new dwellings at a range of densities would be expected to cater to the needs of single, couple and family households of all tenure types.

The table below highlights the growth of relevant demographic sections of the population in line with broader population forecasts though VIF2019.

Table 3.1: Population & Demographic Change Between 2016 Census – 2019 Projection

	2016			2019			Change 2016-19 (No.)		
	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Population	19,450	147,100	155,230	19,920	152,440	159,270	470	5,340	4,040
Dwelling Demand	7,600	55,910	59,510	7,880	58,320	61,590	280	2,410	2,080
Dwelling Demand by Housing Tenure									
Owner Occupier	2,580	19,310	21,090	2,680	20,150	21,830	100	840	740
Purchaser	3,540	25,890	29,750	3,670	27,010	30,790	130	1,120	1,040
Renter	1,480	10,710	8,660	1,530	11,170	8,970	50	460	310
Dwelling Demand by Household Type									
Family With Children	3,680	28,000	29,330	3,820	29,210	30,350	140	1,210	1,020
Couple Family No Children	2,090	14,780	16,740	2,160	15,420	17,320	70	640	580
Group Household	100	1,080	1,010	110	1,130	1,050	10	50	40
Lone Person	1,730	12,050	12,430	1,790	12,570	12,860	60	520	430
Dwelling Demand by Dwelling Type									
Separate House	6,200	50,880	55,870	6,430	53,070	57,830	230	2,190	1,960
Semi-Attached	1,330	4,230	3,290	1,370	4,420	3,400	40	190	110
Flat, Unit or Apartment	80	800	350	80	830	360	0	30	10

Source: ABS, Victoria in Future 2019, Urbis

3.1.2. Key Workers

Key worker demand has been calculated by dividing the 2016 census population of employed persons by the average household size for the respective area to arrive at a dwelling count. This has been elevated to 2019 by using the growth rate by industry from the recent Department of Jobs & Small Business 2019 – 2024 publication for Outer East Melbourne. Key worker demand is separated from the direct analysis as some of this will be subsumed by existing residents whom may or may not exhibit housing stress, or some may be external and a need for them to reside in the area will be created in the future. Bringing this together with overall housing stress would create a potential issue of double counting. Nonetheless, it is important to note from a market segment perspective, driving demand in affordable modes of housing around Greater Melbourne.

Table 3.2: Key Worker Change Between 2016 Census - 2019 Projection (Persons)

	2016		2019		Change 2016-19 (No.)	
	Lilydale SA2	Yarra Ranges LGA	Lilydale SA2	Yarra Ranges LGA	Lilydale SA2	Yarra Ranges LGA
Key Worker Demand						
Public Administration and Safety	453	1,197	465	1,228	12	31
Education and Training	681	4,568	768	5,153	87	585
Health Care and Social Assistance	1,031	3,922	1,109	4,219	78	297

Source: ABS, Department of Jobs & Small Business, Urbis

3.1.3. Current Affordable Housing Need

To better understand the market for affordable housing we have calculated the number of dwellings required to support the in-need population. The calculation for the number of affordable houses required was made by adding the number of households under mortgage and rental stress, those living in social housing, a housing co-op or under a shared equity scheme, and the number of homeless persons as estimated by the Australian Bureau of Statistics (ABS).

It should be noted that there is a slight variation between the homelessness figure in the ABS's "Estimating Homelessness, 2016" dataset and the Estimating Homelessness dataset under the Census Table Builder tool. This has been adjusted and elevated by the Victoria in Future population forecast whilst using constant proportions for rental stress and mortgage stress from the 2016 census, as per previous analysis.

Note the 2016 population base has been revised since the census and this has been reflected in an increase in the base and subsequent quantum by demography for the population of each defined area from the previous report, as shown in section 2.3.

Table 3.3: Affordable Housing Demand Change Between 2016 Census - 2019 Projection

	2016			2019			Change 2016-19 (No.)		
	Lilydale SA2	Housing Market	Yarra Ranges	Lilydale SA2	Housing Market	Yarra Ranges	Lilydale SA2	Housing Market	Yarra Ranges
Affordable Housing Demand									
Mortgage Stress	493	3,328	4,177	511	3,471	4,323	18	143	146
Rental Stress	482	3,136	2,606	500	3,271	2,697	18	135	91
Homeless People	43	123	360	45	128	373	2	5	13
Social Housing	106	547	427	110	571	442	4	24	15
Shared Equity Scheme	3	38	59	3	40	61	0	2	2
Housing Co-Op, Community, Church	20	137	150	21	143	155	1	6	5
Housing Need (No.)	1,147	7,308	7,779	1,189	7,623	8,051	42	310	270
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%	15.1%	13.1%	13.1%	-	-	-

Source: ABS, Victoria in Future 2019, Urbis

3.1.4. Summary

Based on these calculations, **1,189 lots of affordable housing** are currently required in the Lilydale-Coldstream SA2, **7,623 in the Housing Market Area** and **8,051 in the Yarra Ranges LGA**.

Table 3.4: Current Affordable Housing Need, 2019

	Total Households 2019	Affordable Housing Need 2019 (%)	Affordable Housing Need 2019 (No.)
Lilydale-Coldstream SA2	7,880	15.1%	1,189
Local Housing Market Area	58,320	13.1%	7,623
Yarra Ranges LGA	61,592	13.1%	8,051

The Victorian Housing Register and Transfer List by local area for December 2019 in the Outer East Melbourne area includes 763 households listed under priority access and a further 1,097 that have registered interest. This is up from 629 and 969 respectively one year ago. A further 132 transfer applicants are listed as priority access while a further 121 have registered interest to transfer to a social housing property.

3.2. FORECAST HOUSING NEED

3.2.1. Population & Demographics

To assist affordability, the Lilydale – Coldstream SA2 should ensure enough homes are delivered to meet the growing demand forecast in the area. There is demand for 12,160 additional homes in the LGA by 2036. The broader Housing Market Area and Lilydale – Coldstream SA2 has demand for 14,770 and 4,200 homes respectively (based on conservative estimates).

Of these:

- **6,080 & 1,770** dwellings will be under mortgage and rented respectively in the LGA
- **6,830 & 2,830** respectively in the Local Housing Market Area, and
- **1,950 & 820** in the Lilydale – Coldstream SA2.

The tables below highlight the key market segments for forecasting mortgage and rental stress.

Table 3.5: Forecast Population & Demographics: Lilydale - Coldstream SA2

	2019	2021	2026	2031	2036	Change 2019-36
Population	19,920	20,210	23,070	26,360	29,680	9,760
Dwelling Demand	7,880	8,080	9,280	10,660	12,080	4,200
Dwelling Demand by Housing Tenure						
Owner Occupier	2,680	2,750	3,150	3,620	4,100	1,420
Purchaser	3,670	3,760	4,320	4,960	5,620	1,950
Renter	1,530	1,570	1,810	2,080	2,350	820
Dwelling Demand by Household Type						
Family With Children	3,820	3,910	4,490	5,160	5,850	2,030
Couple Family No Children	2,160	2,220	2,550	2,930	3,320	1,160
Group Household	110	110	130	150	170	60
Lone Person	1,790	1,840	2,110	2,430	2,750	960
Dwelling Demand by Dwelling Type						
Separate House	6,430	6,590	7,570	8,690	9,850	3,420
Semi-Attached	1,370	1,410	1,620	1,860	2,110	740
Flat, Unit or Apartment	80	80	90	110	120	40

Source: ABS, Victoria in Future 2019, Urbis

Table 3.6: Forecast Population & Demographics: Local Housing Market Area

	2019	2021	2026	2031	2036	Change 2019-36
Population	152,439	155,200	164,510	174,570	185,070	32,631
Dwelling Demand	58,320	60,000	64,240	68,470	73,090	14,770
Dwelling Demand by Housing Tenure						
Owner Occupier	20,150	20,730	22,190	23,650	25,250	5,100
Purchaser	27,010	27,780	29,750	31,710	33,840	6,830
Renter	11,170	11,490	12,310	13,120	14,000	2,830
Dwelling Demand by Household Type						
Family With Children	29,210	30,050	32,170	34,290	36,600	7,390
Couple Family No Children	15,420	15,860	16,980	18,100	19,320	3,900
Group Household	1,130	1,160	1,240	1,330	1,420	290
Lone Person	12,570	12,930	13,840	14,750	15,750	3,180
Dwelling Demand by Dwelling Type						
Separate House	53,070	54,600	58,460	62,310	66,510	13,440
Semi-Attached	4,420	4,540	4,860	5,190	5,540	1,120
Flat, Unit or Apartment	830	860	920	980	1,040	210

Source: ABS, Victoria in Future 2019, Urbis

Table 3.7: Forecast Population & Demographics: Yarra Ranges LGA

	2019	2021	2026	2031	2036	Change 2019-36
Population	155,230	161,500	168,480	176,030	183,820	28,590
Dwelling Demand	61,590	63,020	66,490	70,080	73,750	12,160
Dwelling Demand by Housing Tenure						
Owner Occupier	21,830	22,340	23,570	24,840	26,140	4,310
Purchaser	30,790	31,510	33,240	35,040	36,870	6,080
Renter	8,970	9,170	9,680	10,200	10,740	1,770
Dwelling Demand by Household Type						
Family With Children	30,350	31,060	32,770	34,540	36,350	6,000
Couple Family No Children	17,320	17,730	18,700	19,710	20,740	3,420
Group Household	1,050	1,070	1,130	1,190	1,260	210
Lone Person	12,860	13,160	13,890	14,640	15,400	2,540
Dwelling Demand by Dwelling Type						
Separate House	57,830	59,170	62,430	65,800	69,240	11,410
Semi-Attached	3,400	3,480	3,680	3,870	4,080	680
Flat, Unit or Apartment	360	370	390	410	430	70

Source: ABS, Victoria in Future 2019, Urbis

3.2.2. Key Workers

By applying the Outer East Melbourne industry employment growth rate projections to the key worker groups in the Lilydale-Coldstream SA2 and Yarra Ranges LGA (section 2.4), we can estimate future employee numbers. This is then divided by the average household size to get a dwelling estimate.

By 2024, the number of employees who work in key industries will increase by approximately 350 people or 130 households in Lilydale – Coldstream SA2. As a share of total employees in the local area, this is expected to increase from 24.3% in 2016 to 26.6% in 2024, driven primarily by education & training. This highlights that key worker group employees are expected to grow faster than other employee groups, which emphasises the importance of providing worker-friendly housing to the growing base of employees that service the local community and economy.

To reach a 2029 forecast, the growth rate has been assumed to remain the same up until this point and figures have been updated accordingly.

Table 3.8: Key Worker Projection: Lilydale – Coldstream SA2 & Yarra Ranges LGA, 2019 - 2029

Lilydale-Coldstream SA2	% of Total Employees 2016	Employed Persons 2019	Employed Households 2019	% of Total Employees 2024	Employed Households 2024	Employed Households 2029
Public Administration and Safety	5.1%	460	170	4.8%	180	190
Education and Training	7.7%	770	280	9.4%	350	430
Health Care and Social Assistance	11.6%	1,110	410	12.5%	460	520
Total	24.3%	2,340	860	26.6%	990	1,140

Divided by 2.7 Persons per House

Yarra Ranges LGA

Public Administration and Safety	3.2%	1,230	450	3.0%	470	500
Education and Training	12.2%	5,150	1,910	14.7%	2,330	2,850
Health Care and Social Assistance	10.4%	4,220	1,560	11.1%	1,760	1,990
Total	25.8%	10,600	3,920	28.9%	4,560	5,340

Divided by 2.7 Persons per House

Source: Department of Jobs and Small Business, ABS, Urbis

3.2.3. Future Affordable Housing Need

The tables below detail current and future demand for affordable housing for the three primary benchmark areas:

- In the Lilydale-Coldstream SA2 demand for affordable housing is expected to increase by approximately 37 dwellings per annum.
- In the Local Housing Market Area demand for affordable housing is expected to increase by approximately 114 dwellings per annum.
- In the Yarra Ranges LGA demand for affordable housing is expected to increase by approximately 93 dwellings per annum.

When we consider how affordable housing need in this report is calculated, the component that is the most heavily disadvantaged is those living under rental stress. In all three areas, the relative proportion of residents paying more than 30% of their income in rent is greater than those paying 30% of their income in mortgage repayments as well as the quantity of homeless people.

This suggests there is a strategic rationale to inject rental supply and ease affordability pressures from a lack of affordable rental stock.

Table 3.9: Forecast Affordable Dwelling Demand

Lilydale-Coldstream SA2	2016	2019	2021	2026	2031	2036
Population	19,450	19,920	20,210	23,070	26,360	29,680
Average HH Size	2.7	2.7	2.6	2.6	2.6	2.6
No. of Households	7,600	7,880	8,080	9,280	10,660	12,080
Affordable Housing Need (%)	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%
Affordable Housing Need (No.)	1,147	1,189	1,220	1,401	1,609	1,823

Local Housing Market Area

Population	147,100	152,439	155,200	164,510	174,570	185,070
No. of Households	55,910	58,320	60,000	64,240	68,470	73,090
Affordable Housing Need (%)	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
Affordable Housing Need (No.)	7,308	7,623	7,843	8,397	8,950	9,554

Yarra Ranges LGA

Population	155,230	159,270	161,500	168,480	176,030	183,820
No. of Households	59,510	61,590	63,020	66,490	70,080	73,750
Affordable Housing Need (%)	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
Affordable Housing Need (No.)	7,779	8,051	8,238	8,691	9,161	9,640

Source: ABS, Victoria in Future 2019, Urbis

Table 3.10: Forecast Affordable Dwelling Demand Breakdown

Lilydale-Coldstream SA2	2016	2019	2021	2026	2031	2036
Mortgage Stress	493	511	524	602	691	783
Rental Stress	482	500	513	589	677	767
Homeless People	43	45	46	53	60	68
Social Housing	106	110	113	129	149	168
Shared Equity Scheme	3	3	3	4	4	5
Housing Co-Op, Community or Church Group	20	21	21	24	28	32
Total Affordable Housing Need	1,147	1,189	1,220	1,401	1,609	1,823

Local Housing Market Area	2016	2019	2021	2026	2031	2036
Mortgage Stress	3,328	3,471	3,571	3,823	4,075	4,350
Rental Stress	3,136	3,271	3,365	3,603	3,840	4,099
Homeless People	123	128	132	141	151	161
Social Housing	547	571	587	628	670	715
Shared Equity Scheme	38	40	41	44	47	50
Housing Co-Op, Community or Church Group	137	143	147	157	168	179
Total Affordable Housing Need	7,308	7,623	7,843	8,397	8,950	9,554

Yarra Ranges LGA	2016	2019	2021	2026	2031	2036
Mortgage Stress	4,177	4,323	4,424	4,667	4,919	5,177
Rental Stress	2,606	2,697	2,759	2,911	3,068	3,229
Homeless People	360	373	381	402	424	446
Social Housing	427	442	452	477	503	529
Shared Equity Scheme	59	61	62	66	69	73
Housing Co-Op, Community or Church Group	150	155	159	168	177	186
Total Affordable Housing Need	7,779	8,051	8,238	8,691	9,161	9,640

Source: ABS, Victoria in Future 2019, Urbis

3.2.4. Summary

The below summarises future dwelling demand by different demographic and household characteristics for the Lilydale-Coldstream SA2 and the Shire of Yarra Ranges between 2019 and 2029.

Over this 10-year period, an additional 333, 1,101 and 919 affordable housing dwellings are required in the Lilydale SA2, the Local Housing Market Area and Yarra Ranges LGA respectively.

In absolute terms, need for affordable housing in both the Lilydale SA2 and the Yarra Ranges LGA is expected to be driven by those living under mortgage and rental stress.

For key worker demand, employees working in education and training and health care and social assistance industries are forecast to grow in large numbers in the decade to 2029. To support this growing employee base an additional 280 dwellings are required in the Lilydale-Coldstream SA2 and 1,420 across the wider municipality.

This is assumed to form part of the total requirement identified. However, these additional workers belong to the fastest growing industries of employment in Melbourne's outer east, hence easing housing pressures for individuals from key worker groups assists in strategically advancing the local economy and community service base.

Table 3.11: Affordable Housing Demand Summary Table, 2019 - 2029

	2019			2029			Change 2019-29 (No.)		
	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Population	19,920	152,440	159,270	25,040	170,550	173,010	5,120	18,110	13,740
Dwelling Demand	7,880	58,320	61,590	10,110	66,780	68,640	2,230	8,460	7,050
Dwelling Demand by Housing Tenure									
Owner Occupier	2,680	20,150	21,830	3,430	23,070	24,330	750	2,920	2,500
Purchaser	3,670	27,010	30,790	4,700	30,930	34,320	1,030	3,920	3,530
Renter	1,530	11,170	8,970	1,970	12,800	9,990	440	1,630	1,020
Dwelling Demand by Household Type									
Family With Children	3,820	29,210	30,350	4,890	33,440	33,830	1,070	4,230	3,480
Couple Family No Children	2,160	15,420	17,320	2,780	17,650	19,310	620	2,230	1,990
Group Household	110	1,130	1,050	140	1,290	1,170	30	160	120
Lone Person	1,790	12,570	12,860	2,300	14,390	14,340	510	1,820	1,480
Dwelling Demand by Dwelling Type									
Separate House	6,430	53,070	57,830	8,240	60,770	64,450	1,810	7,700	6,620
Semi-Attached	1,370	4,420	3,400	1,760	5,060	3,790	390	640	390
Flat, Unit or Apartment	80	830	360	100	960	400	20	130	40
Key Worker Demand									
Public Administration and Safety	170	n/a	450	190	n/a	500	20	n/a	50
Education and Training	280	n/a	1,910	430	n/a	2,850	150	n/a	940
Health Care and Social Assistance	410	n/a	1,560	520	n/a	1,990	110	n/a	430
Affordable Housing Demand									
Mortgage Stress	511	3,471	4,323	654	3,973	4,817	143	501	494
Rental Stress	500	3,271	2,697	640	3,743	3,004	140	473	308
Homeless People	45	128	373	57	147	415	12	19	43
Social Housing	110	571	442	141	653	492	31	82	50
Shared Equity Scheme	3	40	61	4	45	68	1	6	7
Housing Co-Op, Communit, Church	21	143	155	27	164	173	6	21	18
Housing Need (No.)	1,189	7,623	8,051	1,522	8,725	8,970	333	1,101	919
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%	15.1%	13.1%	13.1%	-	-	-

Source: ABS, Victoria in Future 2019, Department of Jobs & Small Business, Urbis

4. DELIVERY OF AFFORDABLE HOUSING

The aim of this section of the report is to investigate what constitutes affordable rent for the income ranges stipulated for households with very low, low or moderate annual income. The income ranges assessed are as at June 2019 and have also been compared to December 2019 market rents. Given the delivery challenges that persist for housing associations and developers in viability terms, it is useful to consider the extent of impact that could be achieved on affordable housing need by delivering housing at costs below current market levels.

4.1. AFFORDABLE HOUSING COSTS

As outlined earlier, there are annually defined income ranges by household composition. These bands are presented in the table below:

Table 4.1: Qualifying Household Income Ranges for Affordable Housing: Greater Melbourne, 2019

	Very low income range (annual)	Low income range (annual)	Moderate income range (annual)
Single adult	Up to \$25,970	\$25,971 to \$41,550	\$41,551 to \$62,310
Couple, no dependant	Up to \$38,950	\$38,951 to \$62,320	\$62,321 to \$93,470
Family (with one or two parents) and dependent children	Up to \$54,520	\$54,521 to \$87,250	\$87,251 to \$130,870

Source: Planning and Environment Act (1987)

4.1.1. Rental Housing

Using our previously defined notion of rental stress, indicated by the abs as “households spending more than 30% of their incomes on housing costs” we have taken 30% of each of the income brackets outlined and compared these to the overall market rent. Market rents for all unit stock are calculated by the Department of Health & Human Services (DHHS) as at Dec 2019, shown in detail in section 1.

Further, each income range shown above has been assumed to fit into one, two- and three-bedroom units respectively and as such has been matched with the rental data for these product types to understand the difference between ‘affordable rent’ and ‘market rent’. The median and upper ranges of the income ranges have been used to indicate specific rental affordability thresholds.

The maximum weekly rent arrived at to achieve 30% of each annual income bracket (no rental stress) is shown directly below. Using the median and the maximum of each income range as the base we gain a greater grasp of the affordability within each bracket and not just show the maximum:

Table 4.2: Equivalent Affordable Weekly Income by Affordable Housing Income Ranges

Income Brackets			Single Person		Couple		Family	
			Annual Income	Affordable Weekly Rent	Annual Income	Affordable Weekly Rent	Annual Income	Affordable Weekly Rent
			Very Low	Median	\$12,985	\$75	\$19,475	\$112
Top	\$25,970	\$150		\$38,950	\$225	\$54,520	\$315	
Low	Median	\$33,761	\$195	\$50,591	\$292	\$70,886	\$409	
	Top	\$41,550	\$240	\$62,230	\$359	\$87,250	\$503	
Moderate	Median	\$51,931	\$300	\$72,851	\$420	\$109,061	\$629	
	Top	\$62,310	\$359	\$93,470	\$539	\$130,870	\$755	

Using these assumptions as a base, we have estimated the discount that would have to be applied at each income bracket against market rent. The DHHS defined areas that we have investigated are as follows:

- Croydon - Lilydale
- Yarra Ranges LGA
- Greater Melbourne

Table 4.3: DHHS Rolling Annual Median Weekly Rents for Units, Dec 2019

	One Bedroom	Two Bedrooms	Three Bedrooms
Croydon-Lilydale	\$280	\$360	\$430
Yarra Ranges	\$290	\$360	\$415
Greater Melbourne	\$372	\$463	\$532

Source: DHHS Dec 2019

Table 4.4 below presents a direct comparison of the ‘affordable rent’ against the ‘market rent’ for each product type. The specifics of these two have been outlined in the two tables above.

The column for each household type in table 4.4 shows the percentage of market rent that each income bracket can afford within each defined geography. Results in red highlight where households may struggle to pay 70% or more of market rent. Darker shades of green highlight where less discounting is required to remain affordable.

As an example, using Croydon – Lilydale DHHS rents, the upper end of the Single Person with a low income could afford to pay 86% of market rent for a one-bedroom unit. The median of the families in moderate income range could afford to pay 146% of market rent for a three-bedroom unit, while the equivalent family in the Yarra Ranges LGA could afford 152% of market rent. It is worth noting the following:

Table 4.4: Affordable Threshold of Income by Range Against Weekly Market Rents by Locality

		Single Person	Couple (One Bedroom)	Couple (Two Bedrooms)	Family (Two Bedrooms)	Family (Three Bedrooms)
Croydon-Lilydale	Very Low	27%	40%	31%	44%	37%
		54%	80%	62%	87%	73%
	Low	70%	104%	81%	114%	95%
		86%	128%	100%	140%	117%
	Moderate	107%	150%	117%	175%	146%
		128%	193%	150%	210%	176%
Yarra Ranges	Very Low	26%	39%	31%	44%	38%
		52%	77%	62%	87%	76%
	Low	67%	101%	81%	114%	99%
		83%	124%	100%	140%	121%
	Moderate	103%	145%	117%	175%	152%
		124%	186%	150%	210%	182%
Greater Melbourne	Very Low	20%	30%	24%	34%	30%
		40%	60%	49%	68%	59%
	Low	52%	78%	63%	88%	77%
		64%	96%	78%	109%	95%
	Moderate	80%	113%	91%	136%	118%
		97%	145%	116%	163%	142%

Source: DHHS, Planning & Environment Act 1987, Urbis

4.1.2. Purchaser Housing

Using the same analysis as above, comparing the equivalent affordable housing cost against what is the median price in the market, we have assessed the relative affordability of housing stock for purchasers. The analysis is altered slightly on a time basis as mortgages are typically repaid on a monthly basis instead of a weekly basis, although the underlying assumption of one being in ‘mortgage stress’ remains at the 30% of income threshold.

To this, the maximum monthly mortgage repayment arrived at to achieve 30% of each annual income bracket (no mortgage stress) is shown directly below. Using the median and the maximum of each income range as the base we gain a greater grasp of the affordability within each bracket and not just show the maximum:

Table 4.5: Equivalent Affordable Monthly Income by Affordable Housing Income Bands

Income Brackets			Single Person		Couple		Family	
			Annual Income	Affordable Monthly Payment	Annual Income	Affordable Monthly Payment	Annual Income	Affordable Monthly Payment
Income Brackets	Very Low	Median	\$12,985	\$325	\$19,475	\$487	\$27,260	\$682
		Top	\$25,970	\$649	\$38,950	\$974	\$54,520	\$1,363
	Low	Median	\$33,761	\$844	\$50,591	\$1,265	\$70,886	\$1,772
		Top	\$41,550	\$1,039	\$62,230	\$1,556	\$87,250	\$2,181
	Moderate	Median	\$51,931	\$1,298	\$72,851	\$1,821	\$109,061	\$2,727
		Top	\$62,310	\$1,558	\$93,470	\$2,337	\$130,870	\$3,272

To achieve a market monthly mortgage payment for Lilydale, we must assume a typical loan period, interest rate and dwelling price.

These illustrative assumptions and resulting monthly payment are detailed directly below:

Loan Term (months)	360	30 Years
LVR	90%	Assumed
Rate	3.2%	RBA 04/20
Periods	12	Monthly
Lilydale Median Unit Price	\$497,475	see section 1.2
Lilydale Median House Price	\$690,000	see section 1.2
Lilydale Monthly Unit Mortgage Payment	\$1,926	
Lilydale Monthly House Mortgage Payment	\$2,672	

Using these assumptions as a base, we have estimated the discount that would have to be applied at each income bracket against the market mortgage payment (table 4.6). This is then multiplied by the average dwelling price for each respective dwelling type to arrive at a maximum affordable price for each income range (table 4.7).

The column for each household type in table 4.6 shows the percentage of market price that each income bracket can afford within each defined geography. Results in red highlight where households may struggle to pay 70% or more of market price. Darker shades of green highlight where less discounting is required to remain affordable.

As an example, using the upper end of the single person with a low income could afford to pay 54% of market price for a unit. The median of the families in moderate income range could afford to pay 102% of market rent for a house, while the equivalent family in the units table could afford 142% of market price.

Table 4.6: Affordable Threshold of Income by Range Against Monthly Mortgage Payments by Dwelling Type

		Single Person		Couple		Family	
Lilydale (Units)	Very Low	17%	25%	35%			
		34%	51%	71%			
	Low	44%	66%	92%			
		54%	81%	113%			
	Moderate	67%	95%	142%			
		81%	121%	170%			
Lilydale (Houses)	Very Low	12%	18%	26%			
		24%	36%	51%			
	Low	32%	47%	66%			
		39%	58%	82%			
	Moderate	49%	68%	102%			
		58%	87%	122%			

Source: DHHS, Planning & Environment Act 1987, Urbis

Table 4.7: Affordable Price Threshold by Income Range by Dwelling Type

		Single Person	Couple (One Bedroom)	Family
Lilydale	Very Low	\$83,830	\$125,730	\$175,980
		\$167,650	\$251,450	\$351,970
	Low	\$217,950	\$326,600	\$457,620
		\$268,230	\$401,740	\$563,260
	Moderate	\$335,250	\$470,300	\$704,060
		\$402,260	\$603,420	\$844,860

Source: DHHS, Planning & Environment Act 1987, Urbis

4.1.3. Summary

It is worth noting the following:

- Comparison of what would be deemed an affordable rental level, a rent chargeable within an affordable housing development, against the Greater Melbourne low to moderate income ranges highlights the opportunity around Lilydale relative to Greater Melbourne.
- Depending on the ultimate definition of market rent (regarding geography and product type), there are opportunities for households all the way from the very low-income ranges up to afford at least 80% of market rent. Greater Melbourne in comparison show a much greater weighting towards the moderate-income ranges.
- Whilst there was a smaller proportion of residents currently in mortgage stress than rental stress relative to the respective population of renters and purchasers, the above analysis shows that there is merit in providing affordable purchaser products in addition to rental products. There is always the hurdle of a down payment in housing ownership as those with low and very low incomes typically cannot save as easily to purchase a house, but there remain opportunities to deliver price points targeting moderate to high incomes.
- There is an opportunity here to provide housing for the moderate section of the housing continuum as it should not deviate too far from what would be deemed achievable at market, improving the feasibility of the project. According to our analysis of household composition by income range, around 56% of Lilydale – Coldstream SA2 residents are above moderate incomes (section 1.3).

4.2. QUANTUM REDUCTION OF NEED BY REDUCED HOUSING COST

Table 4.8 shows how many more households would be able to access housing within 30% of their income if housing were provided at 10%, 20% or 30% less than current levels across rental and mortgage costs for the Lilydale SA2.

- A 30% reduction on all rental costs equates to an approximate additional 362 households moving over the affordability threshold, which as at 2016 represents approximately 78% of households living under rental stress.
- Similarly, a 30% reduction on all mortgage costs equates to an additional 447 households moving out of stress, representing over 90% of all households experiencing mortgage repayment difficulties as estimated at 2016.

Table 4.9 undertakes the same exercise for the Yarra Ranges LGA and indicates that delivering rental housing 30% less than current levels would reduce the volume of households living under rental stress by almost 80%. Likewise, delivering housing at 30% less than current mortgage repayments equates to an additional 3,712 households moving out of stress, which is approximately 88% of all households experiencing mortgage stress as estimated at 2016.

From this, we can see how delivering lower cost housing for rent or for sale can assist in alleviating disadvantage from a large proportion of residents living in both the Lilydale-Coldstream SA2 and the Shire of

Yarra Ranges. We can also see that sizeable gains can be made at close to market prices to assist people over the affordability threshold.

Table 4.8: Affordability Threshold Analysis: Lilydale - Coldstream SA2, 2019

	No. of Households Living Under Rental Stress	Additional Households <u>Not</u> Living Under Rental Stress	No. of Households Living Under Mortgage Stress	Additional Households <u>Not</u> Living Under Mortgage Stress
Standard Rent/Mortgage Repayment	482		495	
10% Lower	274	+ 208	217	+ 278
20% Lower	187	+ 87	92	+ 125
30% Lower	120	+ 67	48	+ 44

Source: ABS, Urbis

Table 4.9: Affordability Threshold Analysis: Yarra Ranges LGA, 2019

	No. of Households Living Under Rental Stress	Additional Households <u>Not</u> Living Under Rental Stress	No. of Households Living Under Mortgage Stress	Additional Households <u>Not</u> Living Under Mortgage Stress
Standard Rent/Mortgage Repayment	2,699		4,324	
10% Lower	1,594	+ 1105	2,074	+ 2250
20% Lower	1,034	+ 560	1,051	+ 1023
30% Lower	733	+ 301	612	+ 439

Source: ABS, Urbis

Under current conditions, there are signs that big gains could be made to meeting local affordable housing requirements by:

- Delivering more rental housing to add choice in the market, but also alleviate pressure for low- and moderate-income earners sitting just beyond the 30% income threshold.
- This could be delivered by adding volume and diversity (smaller dwelling types) to local housing stock as well as delivering more rental stock – whether at market rent or below market rent to assist meeting affordability thresholds or indeed shared equity schemes aimed at transitioning households into ownership.
- As an indication, if rents in Lilydale - Coldstream were reduced by 10%, 208 additional households would move across the 'affordable' threshold to pay less than 30% of their income. Additionally, if mortgage repayments were reduced by 10%, 217 additional households would move across the 'affordable' threshold.

5. SUMMARY OF FINDINGS

This section summarises the key findings of the research into housing need in Lilydale and the wider Shire of Yarra Ranges and provides some strategic direction on how to deliver against local affordable housing objectives.

5.1. HOUSING NEED AND DEMAND

Melbourne has been growing rapidly. One of the challenges in Lilydale specifically as well as the wider LGA is how to deliver the homes that are required for a growing population. Housing affordability would be expected to deteriorate further in the absence of adding new homes that are appropriate to the growing community. Therefore, in targeting affordable housing policy it is essential to maintain focus on deliverability, without negatively impacting viability or slowing down the delivery of market housing.

The **analysis from this report** indicates that based on population forecasts there is an implied requirement to provide an additional 12,160 homes between 2019 and 2036 in the LGA with 4,200 in the Lilydale SA2. This is much greater than what was previously forecasted by Safi forecasts in the previous report. The surrounding housing market area is forecast to require an additional 14,770 homes in the same period due to increasing density rippling out from the city. In time this will continue to spread first into Lilydale and other areas of the LGA.

At present the dwelling stock is still very much skewed to low density detached housing with limited choice for households seeking an apartment, a townhouse or even a micro lot at a more affordable price point to purchase or rent. Given the trends across Melbourne for a growing rental market and declining rate of home ownership it is expected that shifts in tenure will occur in this market too, even if they have been more gradual to date. The result of the current dwelling stock is that there is limited choice or affordability when it comes to smaller dwelling types to rent or buy. These will be a critical success factor in delivering homes in the volume required to satisfy dwelling demand as well as enhancing affordability.

Table 5.1 Affordable Housing Demand Summary Table, 2019 - 2029

	2019			2029			Change 2019-29 (No.)		
	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA	Lilydale SA2	Housing Market Area	Yarra Ranges LGA
Population	19,920	152,440	159,270	25,040	170,550	173,010	5,120	18,110	13,740
Dwelling Demand	7,880	58,320	61,590	10,110	66,780	68,640	2,230	8,460	7,050
Dwelling Demand by Housing Tenure									
Owner Occupier	2,680	20,150	21,830	3,430	23,070	24,330	750	2,920	2,500
Purchaser	3,670	27,010	30,790	4,700	30,930	34,320	1,030	3,920	3,530
Renter	1,530	11,170	8,970	1,970	12,800	9,990	440	1,630	1,020
Dwelling Demand by Household Type									
Family With Children	3,820	29,210	30,350	4,890	33,440	33,830	1,070	4,230	3,480
Couple Family No Children	2,160	15,420	17,320	2,780	17,650	19,310	620	2,230	1,990
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Lone Person	1,790	12,570	12,860	2,300	14,390	14,340	510	1,820	1,480
Dwelling Demand by Dwelling Type									
Separate House	6,430	53,070	57,830	8,240	60,770	64,450	1,810	7,700	6,620
Semi-Attached	1,370	4,420	3,400	1,760	5,060	3,790	390	640	390
Flat, Unit or Apartment	80	830	360	100	960	400	20	130	40
Key Worker Demand									
Public Administration and Safety	170	n/a	450	190	n/a	500	20	n/a	50
Education and Training	280	n/a	1,910	430	n/a	2,850	150	n/a	940
Health Care and Social Assistance	410	n/a	1,560	520	n/a	1,990	110	n/a	430
Affordable Housing Demand									
Mortgage Stress	511	3,471	4,323	654	3,973	4,817	143	501	494
Rental Stress	500	3,271	2,697	640	3,743	3,004	140	473	308
Homeless People	45	128	373	57	147	415	12	19	43
Social Housing	110	571	442	141	653	492	31	82	50
Shared Equity Scheme	3	40	61	4	45	68	1	6	7
Housing Co-Op, Communit, Church	21	143	155	27	164	173	6	21	18
Housing Need (No.)	1,189	7,623	8,051	1,522	8,725	8,970	333	1,101	919
Housing Need (% of Dwelling)	15.1%	13.1%	13.1%	15.1%	13.1%	13.1%	-	-	-

Source: ABS, Victoria in Future 2019, Department of Jobs & Small Business, Urbis

If we focus on the period 2019 to 2029 in the short term, we can infer that almost an additional 2,230 homes are required in Lilydale SA2, 8,460 in the local housing market area and 7,050 in the LGA as conservative estimates. Of these:

- Around 15% to 20% of these are likely to be renters
- Around half will be purchasing with a mortgage
- More than 20% will be lone person households
- Nearly 30% will be couple households without children
- We know that 24% of 20-34-year olds rent while 62% are purchasing with a mortgage so first home buyer activity will remain important
- On current indicators 4%-6% of residents could be facing rental stress and a further 7% in mortgage stress.
- Key worker demand could equate to around 10% - 20% of the additional dwelling requirement based on projected employment in Health Care and Social Assistance, Education and Training and Public Administration and Safety; already making up 24% to 27% of employment in Lilydale and Yarra Ranges LGA respectively at the time of the 2016 census.
- If we were to follow recent local trends the housing stock would continue to be dominated by low density housing, but the demographic data as well as affordability data indicates a requirement to provide greater choice when it comes to density and smaller dwelling types.
- Considering the income profile, we can see that the profile across benchmark areas is relatively similar. We can see that the 'moderate' income range is well represented in the Lilydale-Coldstream SA2, the Local Housing Market Area and the Yarra Ranges LGA.
- This trend is also visible when it comes to key workers, with individuals belonging to moderate income households accounting for the second largest segment of households where residents work in either Health Care and Social Assistance, Education and Training or Public Administration and Safety. Most people employed in these services earned an income above the eligible range.
- This suggests there would be a high volume of households that could afford market rates or close to market rates in the key worker cohort. Therefore, targeting an outcome linked to providing affordable housing catered to key workers would be expected to align local economic and social objectives with housing needs and potentially improve viability of the scheme overall.

5.2. SUBJECT SITE STRATEGIC CONTRIBUTION

The proposed development at the subject site is anticipated to comprise 49% medium density dwellings, 32% low density dwellings and 20% high density dwellings. When we revisit the current dwelling mix in the Lilydale-Coldstream SA2, it is heavily skewed toward low density dwellings with a limited offer of medium and higher density housing stock.

The indicative yield at the subject site development will assist in alleviating the pressures of restricted dwelling choice by providing a more diversified mix of housing stock for the local and surrounding area. Purchasers and renters will therefore access a home that better suits their dwelling requirements and will not be restricted to a larger dwelling that may push them beyond their affordability threshold.

Table 5.2 Proposed Development Yield

	No. of Dwellings	% of Total Yield
Low Density	1,018	32%
Medium Density	1,567	49%
High Density	631	20%
Total	3,216	100%

Source: Intrapac Property Pty Ltd

As noted above the subject site offers the prospect of delivering over a third of the dwellings required in the Shire of Yarra Ranges over the next 25 or so years. This is an important strategic contribution to the municipality. The key to delivering affordable housing sits within several areas:

1. Ability to deliver more housing overall and avoid the issue deteriorating
2. Ability to deliver a more diverse housing stock that can expand both choice and affordability in the market with medium and high-density options
3. Ability to deliver affordable housing contributions that can be viably delivered, without impacting upon the delivery of housing volume overall, which would be counterproductive in meeting the future needs of a prosperous Shire of Yarra Ranges

Therefore, in meeting the three objectives above the opportunity at Lilydale Quarry includes:

- Delivering a range of densities to compensate for the scarcity of smaller dwelling types and enhance the ability to deliver against forecast dwelling demand from continued population growth
- Deliver a range of price points (linked to the size and type) to include relatively more affordable options
- Deliver homes targeting key workers to ensure talent continues to be attracted to this area and support the growth of these essential sectors to the Shire of Yarra Ranges local economy.
- Deliver targeted private rental stock adding supply to the section of the market that is experiencing affordability pressure.
- Exploring measures such as shared equity and rent to buy schemes that assist first home buyers to access the market
- Affordable housing for purchase to qualifying households (criteria to be determined)
- Explore Housing Association requirements and viability implications (for both the JV partners and Registered Housing Association) for providing land with permits in place to deliver affordable housing.

As you can see there are a range of ways in which a development of this scale can deliver against affordable housing objectives. It should however be noted that given the vast requirement for affordable housing across the municipality, no one development has the capability to fulfil the entire requirement for affordable housing. This report does however provide some assistance and guidance toward how need can be best targeted in Lilydale and the wider municipality.

There is a strategic rationale to deliver density, to add rental supply, to target key workers and even the prospect that delivering housing at slightly lower costs could push a reasonably high number of households positively over the affordability threshold.

In pursuing these objectives, the extent of provision will of course be critical to assess viability. This is especially true when one considers the importance of delivering homes (of all kinds) sooner, rather than later to meet the needs of a growing population and keep wider affordability in check.

The development of Lilydale Quarry will take place over time, in stages. The affordable housing landscape will continue evolve as need is monitored and delivery models and funding are progressed. Therefore, it makes sense to firm up the affordable housing proposition at each stage as appropriate.

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