

Homes for Everyone

A Policy Initiative released by The Greens for Melbourne City Council

9 October 2020

COVID-19 has made a long-standing housing crisis worse

The [Council's own data](#) show that in the City of Melbourne in 2019, there were 1,725 people experiencing homelessness, there was a shortfall of 5,500 safe and affordable rental homes for people on moderate, low and very low incomes, and significant gaps in emergency accommodation services to vulnerable groups.

At a high level, and considering the responsibilities of State and Local government in Victoria, the reasons for the crisis in affordability are clear: rents increase much faster than wages, and there has been shocking under-investment in public, social and affordable housing for decades. Governments at all levels are failing Melburnians, as more and more people are entrenched in poverty as a direct result of the inability to afford safe housing.

Peak body Homelessness Australia [is now warning](#) that homelessness has spiked during COVID-19 and is likely to reach unprecedented levels in the deep recession to come.

Governments need to act urgently to build homes, ensure a strong supply of existing and new apartments available to long term lessees on an affordable basis, fix the lack of distinction in planning and building law between short and long term accommodation, and regulate for the rights of renters.

Young people, essential workers and families are being priced out of the city. The Greens want to fundamentally change the way government regulates and builds housing to allow people to live and thrive in the central city.

KEY POINTS

A Greens Melbourne City Council will:

1. Facilitate affordable housing on Council owned land, leveraging stimulus grants wherever possible, to **build 256 affordable or social housing units** in the coming term of Council, being 160 new units on top of the 96 already underway.
2. Apply low rate inclusionary zoning across the municipality, with higher rate inclusionary zoning in urban renewal areas, scaled up as the recession lifts. In doing so **facilitate 3,000-6,000 new affordable homes within the private market** by 2035.
3. **Establish a Melbourne Housing Office**, potentially in collaboration with the IMAP Councils, to manage social and affordable housing contributions.
4. Rewrite the Arden Structure Plan with the State Government to **build 938 new public housing units** by 2025.
5. Distinguish between short stay and long term accommodation in planning and building law once and for all, to stop owner occupiers having to subsidise short stay accommodation providers.
6. Lock in the benefits of a high supply / low rent apartment market with long term rental leases where short stay accommodation previously dominated.
7. Provide streamlined statutory planning services to fast-track amendments to existing permits to support the provision of affordable housing.
8. Fight for an end to no-grounds eviction and a range of rights for renters embedded in law.

There is no one solution to fixing our affordability crisis. We propose a suite of measures and a more aggressive role for Government to prioritise and increase the supply of public, social and affordable housing.

Using Council Land for Affordable or Social Housing

Council holds some land suitable for development, but far less than is often assumed. Current Council policy is to “consider up to 15 percent of dwellings constructed being made available for affordable housing” where new development on Council land occurs. The draft affordable housing strategy proposed to increase the rate. Given Melbourne’s projected shortage of affordable homes, the benefits of leading the market, and the moral imperative to lead by example, we believe that this discretionary rate is too low, and that a pipeline of projects must be established and published in advance.

Council projects underway with affordable housing units include the Munro redevelopment beside Queen Victoria Market, and a new mixed use development in the Boyd precinct. Other land holdings currently under-utilised as at-grade carparks which may be suitable for social or affordable housing with or without the retention of some carparks exist in North Melbourne (Curzon St), the CBD (Franklin St – ‘QVM Southern Development Site’ and Little Collins St) and Kensington (Brock Way).

Ninety-six affordable housing units were approved during the current term of Council and are expected to be delivered in the next: 56 units in the Munro redevelopment (under construction) and 40 units at the Boyd site (planning under assessment).

We commit to the construction of a further 160 social and affordable housing units on Council-owned land during the 2020-24 term of Council: 100 affordable units will be built on the Southern Development site south of the Queen Victoria Market, and 60 further units on two other Council-owned sites by leasing air rights to registered affordable housing providers for 50 years (the maximum available under the Local Government Act 2020, which aligns with the typical lifespan of apartment housing). Council will own the QVM Southern Development site freehold when the land is transferred from the State to the Council, and a 50 year lease for two other sites will minimise the cost to Council while retaining the land in public ownership in perpetuity.

In total this will deliver 256 affordable housing units in the 2020-24 term of Council across 5 sites.

We will leverage any Commonwealth or State stimulus funding available to assist in the approval and construction of new high quality affordable housing development.

Requiring Affordable Housing Through Inclusionary Zoning

The State Government’s 2017 policy *Homes For Victorians* pursued ‘inclusionary zoning pilots’ on small parcels of land, including on Manningham St in Parkville. The Greens have been highly critical of the value of these pilots, given that only a regional or universal approach to inclusionary zoning is able to reset market expectations and establish affordable housing provision as a cost able to be built into construction and delivery in a predictable and equitable way.

We reject any assertions – even in a recession – that inclusionary zoning prohibits development feasibility. While the residual land value is reduced as any costs associated with affordable housing

are added to the cost of construction and delivery, the Council's and State's economic modelling show that these costs will only impact the residual land value and are not passed on in the sale price of apartments that are not defined as affordable. Our proposed inclusionary zoning rates ensure that the residual land value of developable sites will continue to remain high enough to maintain an incentive to the owner to develop their land.

While the property lobby will always argue that Government ought to remove any and all obligations on owners when developing land, we reject this: in a housing crisis, when people cannot afford to live in decent homes, there is an obligation on Government and society as a whole to ensure that access to housing is improved. Our policies enable this while still providing developers the incentive to develop land.

To ease the housing market in to inclusionary zoning, we will advocate to the Minister for Planning for a statewide planning provision requiring an inclusionary zoning rate on all residential development in Greater Melbourne at 5% commencing on 1 July 2021, lifting 0.5% every year thereafter for 10 years, to reach 10% by 2031.

At the same time, in the City of Melbourne's declared urban renewal precincts (being Macaulay, Arden, Dynon, E-Gate, Southbank, Docklands, Fishermans Bend and City North), we will seek to apply a 10% rate under the local schedule to the statewide planning provision on 1 July 2021, lifting 1% every year thereafter for 10 years, to reach 20% by 2031.

The slowly increasing rates are purposefully chosen to allow for the market to adjust. The rate will increase to provide for an incentive to land owners to pursue viable developments without delay, to assist the State's economic recovery.

The increasing rate will also allow for capacity in the affordable housing sector to build sustainably over 10 years.

We do not propose any floating rates or periodically reviewable mechanisms; inclusionary zoning must not become an economic plaything by opposing parties of Government in the State. Instead, we believe that a broad, fixed rate – which we know to be low enough even after 2031 to ensure that the residual land value on properties remains high enough to ensure that development of land is always viable – is vital to ensure market and political certainty.

Applying these rates will require Council-State cooperation, and will require the State to report the outcomes of the *Planning Mechanisms for Affordable Housing Ministerial Advisory Committee*; the report has not been published due to its completion coinciding with COVID-19.

These inclusionary zoning rates are not ambitious by world standards. In London, boroughs require new housing developments to provide between 30% and 50% affordable homes. Our policy seeks to establish a Greater Melbourne standard of 10% by 2031, and a City of Melbourne urban renewal area rate of 20% also by 2031.

We estimate that this will deliver between 3,000 and 6,000 affordable homes in the City of Melbourne by 2035 depending on the rate of recovery of the housing market following the COVID-19-induced recession.

We also anticipate the need for further legislative amendments to the *Planning and Environment Act 1987* to ensure that the provision of affordable homes under the inclusionary zoning scheme does not assist only those on medium incomes but also those on low incomes.

Establishing a Melbourne Housing Office

The provision of so many new social and affordable homes, facilitated by Council directly or indirectly, requires more resources within Council to assist developers. At present, the City employs very few staff who, while exceptionally talented, will need to be complemented by a team of staff able to deliver on the City's new affordable housing policy directions.

The former Inner City Social Housing Trust established by the Council in the late 1990s with \$1 million in start-up funding created 300 affordable housing units in multiple locations. Eventually the Trust became Melbourne Affordable Housing and merged with Housing Choices Australia in 2010. The Council does not have a dedicated Housing Trust at present, and The Greens reluctantly acknowledge that the presence of a Housing Trust can restrict the flexibility of Council to address the housing crisis, given the need for Councils to adhere to National Competition policy and avoid preferential treatment to its own subsidiaries. There are multiple registered affordable housing providers operating within Melbourne. We are agnostic on the need for another. We do, however, recognise that we need a Melbourne Housing Office.

A Melbourne Housing Office will:

1. Manage affordable housing cash-equivalent contributions made through the inclusionary zoning scheme.
2. Select affordable housing providers for Council's own affordable housing projects.
3. Advise developers on how to plan, build and select affordable housing providers.
4. Oversee all formal affordable housing agreements.
5. Oversee and advise on Council's affordable housing strategy and policies.

We will explore the potential for the Melbourne Housing Office to be an Inner Melbourne Housing Office, operating at the IMAP level. (The Inner Melbourne Action Plan Councils are Melbourne, Yarra, Port Phillip, Stonnington and Maribyrnong.)

Building more Public Housing

The Greens do not support the State Government's 'public housing renewal program', which sells public land while requiring the construction of social housing, managed by non-Government providers, as part of the contract of sale to private developers, and so constrains the ability of State Government in future to use public land for housing or any public good. We strongly support any efforts to build new housing that can genuinely be defined as public housing.

While public housing falls squarely within the State Government's jurisdiction, Melbourne City Council should not stay silent while Victoria's public housing waiting list approaches 100,000, and while public housing tenants are treated as second class citizens in our public health responses to COVID-19.

The City of Melbourne is co-author of the [draft Arden Structure Plan](#) which is yet to return to Council in final form for endorsement. Arden "aspires to accommodate approximately 34,000 jobs and around 15,000 residents by 2051." We want 10% of these residents to be public housing tenants.

Greens on Council will seek the construction of 938 public housing units in Arden which, at an average household size of 1.7, will house 1,594 residents. The new public housing dwellings should be completed by 2025, to coincide with the completion of [Arden Station](#).

Public housing in Arden will be well located with excellent public transport connections (more so from 2025), excellent existing and proposed green open space and access to a range of existing community and recreational facilities.

It is well past time that the Government built housing again. Arden is the place to start.

Short and long stay accommodation

The lack of distinction in planning, building and owners corporation law between long stay and commercial short stay accommodation is well understood by residents of Melbourne's high density central city.

Too often, owner-occupiers are picking up the bill for maintenance to address wear and tear by visitors moving in and out each weekend. Too often, owner-occupiers are paying for additional sound attenuation to deal with party-goers who treat neighbouring apartments as a hotel. And too often, owner-occupiers are out-voted by proxies held by commercial short-stay interests when owner-occupiers try to address the consequences of unregulated short-stay accommodation.

We are not opposed to short-stay accommodation. We merely acknowledge that the current legislative framework is blind to the distinction between short and long-stay accommodation, and that owner-occupiers are frequently losing out because of it.

In 2020, the inner city apartment market is falling, as the interstate and international visitor economy dries up due to COVID-19. What better time to legislate a definition of short and long stay accommodation, in planning, building and owners corporation law?

The Greens on Council will fight for legislative reform to broker a better deal for owner-occupiers, to ensure that apartment buildings are not treated as hotels with owners picking up the bill.

We will fight for legislative reform that will remove the incentives for operating apartments as commercial short-stay accommodation, enabling young people, essential workers and families to return to the city as long-term tenants of apartments. For the same reasons we disagreed with the State Government's decision on 10 September 2020 to waive the vacant residential land tax in 2020 – the tax provides a meaningful incentive to investment property owners to open their properties to long-term tenants, rather than wait for the visitor economy to suddenly return.

There is significant supply of housing in the inner city at present and Government should take advantage of this, locking in the benefits of affordability for the renter while it has the opportunity. While the return on investment for property owners may be less than experienced under pre-COVID-19 conditions, the housing crisis is still with us, and it is within the ability of Government to ensure that those in need of affordable homes can rent currently vacant dwellings – and lock these conditions in the interests of certainty and affordability for all parties.

Amending planning permits to facilitate affordable housing

The affordable housing sector is growing, and in recent months the incidence of registered affordable housing providers purchasing planning permits and units within new developments has increased. Developers who are struggling to complete finance on new development, particularly with the astonishing reduction in overseas investment even before COVID-19, are increasingly turning to a range of options, including to affordable housing providers. Where this facilitates

affordable housing in development that would otherwise not include such affordability, we support it – and we want to facilitate it.

We will create streamlined statutory planning services and processes for planning proposals that amend existing permits to include affordable housing. We will fast-track those permits where applicants can demonstrate a partnership or agreement with a registered affordable housing provider, and we can introduce developers to affordable housing providers where agreements are not yet in place – within the bounds of National Competition Policy.

We will also seek to connect developers with agreements in place with affordable housing providers with any Commonwealth and Victorian Government stimulus funding in coming months and years.

Fighting for renters' rights

At the 2016 Census, 66% of City of Melbourne households were renting, up from 63% in 2011. We are a city of renters. With more renters than owner-occupiers in the City of Melbourne, but with non-resident property owners outnumbering residents on the electoral roll, we believe that the rights of renters are not adequately understood or championed by the City of Melbourne.

Tenants in private rental, public and social housing must be supported by legislative safeguards. We will strongly advocate for a charter of renters' rights, and for:

1. strictly regulating tenancy databases;
2. a ban on rental bidding;
3. ensuring security of tenure, by permanently ending “without grounds” eviction;
4. establishing rent controls;
5. mandated quality standards; and
6. better access to rapid no cost resolution of disputes with landlords.

--