

## MAV ANALYSIS – VICTORIAN GOVERNMENT’S HOUSING STATEMENT

The Victorian Government’s [Housing Statement –The Decade Ahead 2024 – 2034](#), released 20 September 2023, includes a range of commitments aimed at delivering 800,000 new dwellings over the next 10 years.

In his message on page 3, the Premier is clear that the statement is based on a simple proposition: “build more homes, and they’ll be more affordable”. The development sector is called out as a key partner to deliver on the statement.

The reality is that successful delivery of the State’s agenda will depend in no small part on the input and support of local government. The State’s failure to engage and consult with councils to date is disappointing and a missed opportunity to progress shared objectives in relation to delivering timely, well-designed, well-placed, climate resilient development. The MAV will continue to engage constructively with the State with a firm focus on influencing for positive outcomes.

This MAV Members Brief provides brief commentary on two priority areas of focus, namely planning reform and social and affordable housing, as well as a list of the key initiatives included in the Statement.

The MAV’s initial response to the Statement is [online here](#) and our subsequent response in relation to planning scheme amendment VC242 is [online here](#).

We also commend this [analysis by RMIT](#) as a useful resource for councils.

### Planning reform

The Housing Statement includes a number of notable planning-related commitments aimed at expediting decisions to increase housing supply. Key commitments include expansion of the State’s Development Facilitation Program to enable a broader range of residential and commercial projects to be decided by the Minister, as well as removal of the planning permit requirement for a second dwelling on a lot as long as the dwelling is smaller than 60m<sup>2</sup>, and streamlined permit assessments for smaller infill dwelling types. All of these commitments effectively serve to remove or reduce councils’ decision-making powers and decrease consideration of local context in the assessment of development applications.

On the day the Housing Statement was released, VC242 was gazetted, immediately bringing into operation the expanded Development Facilitation Program changes. See our fact sheet on VC242 for details of the amendment. In summary, we are concerned about and do not support this further concentration of power in the Minister’s office. We are particularly concerned about the Minister’s ability to waive various planning scheme requirements including setback and height limits and minimum garden area requirements. The removal of third-party appeal rights is also highly concerning. We note that the Government has indicated applications will be decided within four months under this

assessment pathway. This is significantly longer than councils' statutory timeframe of 60 days. We question whether this pathway will indeed deliver faster decisions and if so, at what cost to the future livability and sustainability of our communities.

With MAV research indicating that there are already some 120,000 approved dwellings awaiting construction, we also note the complete absence of measures to address permit warehousing and land banking by developers.

Two days after the release of the Housing Statement, the State passed a further amendment (VC243) aimed at streamlining assessments of certain infill development types, including an expansion of the Future Homes project across the state. See our fact sheet on VC243 for further information.

We welcome the commitment to review the Planning and Environment Act noting that the sector has called for this for some time, with the legislation clearly no longer fit for purpose. It is essential that the State works closely with local government on this. We note that many of the planning-related recommendations from the Operation Sandon special report require legislative reform and will almost certainly be dealt with as part of the Act review.

### **Social and affordable housing**

The Housing Statement is a missed opportunity to fix social housing in Victoria. It adds little to the already insufficient stock of social housing and does not provide an adequate or sustainable funding stream for the future or a strategy to do so.

The Community Housing Industry Association, Victoria (CHIA Vic) and the Victorian Council of Social Services (VCOSS) have estimated that Victoria needs to build 6,000 social housing units each year to bring Victoria's share of social housing up to the Australian average of 4% social housing. There are currently 65,000 applications to Victoria's social housing waiting list.

The 2020 Big Housing Build aimed to build 12,000 new homes over four years, including more than 9,300 social housing dwellings by the end of 2024. Some of these were also refurbishments of existing stock. The Victorian government claims that another 4,769 dwellings will be produced by measures included in the Housing Statement (p.31). We assume that this includes:

- 769 homes funded by the Commonwealth Social Housing Growth Accelerator
- Homes Victoria purchasing or head leasing existing or new homes at market rates
- Redevelopment of 44 public housing 'towers' across Melbourne.

Given that the development of 30,000 new dwellings at the public housing tower sites is expected to generate a net increase of only 1,000 social housing dwellings, these investments will not generate sufficient yield to meet demand. The Short Stay Levy only anticipates an additional \$70m a year to the Social Housing Growth Fund. Based on the current average cost of a dwelling (new and/or upgraded) built

and/or upgraded through the Big Housing Build (on average \$341,000 per unit), this additional levy will only produce just over 200 additional new social housing dwellings each year, or 6,400 dwellings by 2051.

The Statement will not deliver the social housing that Victorians so desperately need. The MAV, along with others including CHIA Vic, VCOSS, the Planning Institute of Australia and the Council to Homeless Persons, will continue to advocate for inclusionary zoning provisions to be included in the Victorian Planning Scheme.

### Housing Statement – summary of initiatives

| INITIATIVE   |
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| <p><b>Long-term housing plan</b></p> <ul style="list-style-type: none"> <li>• Plan Melbourne to be updated and expanded as ‘Plan Victoria’</li> <li>• Target of 800,000 homes to be built over the next 10 years</li> <li>• Aim to build 70% of new homes in established areas</li> <li>• Housing targets to be established for local government areas</li> <li>• Initial industry consultation will commence in coming months</li> </ul>  |
| <p><b>Housing availability / affordability</b></p> <ul style="list-style-type: none"> <li>• Release of under-used and surplus government land to deliver 9,000 homes across 45 sites, with a target of at least 10% of affordable homes to be built across these sites</li> <li>• Establishment of an Institutional Investment Framework to create a dedicated planning pathway and one-stop shop for institutional investors such as superannuation funds and insurance companies</li> <li>• Introduction of a 7.5% short-stay levy on the revenue of accommodation platforms, with revenue to go to Homes Victoria for social and affordable housing. 25% of these funds to be invested in regional Victoria. Other council charges on short-stay accommodation will be removed</li> <li>• \$150 million Regional Worker Accommodation Fund to provide new housing options for key workers</li> <li>• Additional \$500 million released from the Victorian Homebuyer Fund</li> </ul> |
| <p><b>Fast-tracking housing approvals</b></p> <ul style="list-style-type: none"> <li>• The Department of Transport and Planning (DTP) will lead delivery and coordination of precinct planning to deliver an additional 60,000 homes in 10 identified activity centres at Broadmeadows, Camberwell, Chadstone, Epping, Frankston, Moorabbin, Niddrie, North Essendon, Preston and Ringwood, and existing priority precincts such as Arden, Docklands, Fishermans Bend, Footscray, East Werribee, Parkville and Sunshine</li> </ul>   |

## INITIATIVE

- The Victorian Planning Authority will continue preparing Precinct Structure Plans for residential and employment growth areas across metropolitan and regional Victoria
- \$400 million package of works brought forward along growth corridors for toilets, shelter and lighting upgrades at bus stops and train stations, footpaths and cycling paths
- Water authorities required to fast-track referral decisions

### Planning system reform

- Review and rewrite the *Planning and Environment Act 1987*
- Expand the Minister for Planning's powers for "significant" residential or economic development proposals that include a 10% affordable housing component and meet certain thresholds. These proposals will not be subject to third-party appeal rights and the Minister can waive many requirements (like building height or even the affordable housing requirement) that would otherwise apply (see MAV factsheet for Amendment VC242 for details)
- Streamlining smaller infill dwelling types by codifying many existing residential design standards, time-bounding some single-dwelling approvals to 10 days, expanding the [Future Homes](#) program (see MAV factsheet for Amendment VC243 for more detail)
- Commitment to remove permit requirement for a second dwelling (that is smaller than 60m<sup>2</sup>) on a lot
- The Department of Transport and Planning to bring on 90 new planners to clear some approval backlogs and implement State-run housing strategies
- Implement the [Red Tape Commissioner](#) reforms, including legislating recommendations and giving VCAT powers to dismiss matters without a prospect of success. Planning panels will be able to undertake hearings on papers and join parties

### Social housing

- Commonwealth funding of \$496.5m from the [Social Housing Accelerator](#) will be used to build 769 new homes, including on Homes Victoria owned land
- \$1 billion for an [Affordable Housing Investment Partnership Program \(AHIP\)](#) providing low interest loans and government guarantees to finance social and affordable housing, including affordable housing of essential and key workers
- \$ billion for the Regional Housing Fund to deliver 1,300 new homes in regional Victoria (previously announced)
- \$150 million Regional Worker Accommodation Fund to deliver 1,300 new homes in regional Victoria (previously announced)
- Dedicated additional funding stream to Homes Victoria for social housing from a short-term accommodation levy (expected to be \$70 million annually)
- Exploration of opportunities to buy pre-sale off-the-plan apartments in medium and high density developments
- Head-leasing leftover apartments in new developments
- More [ground lease models](#) promoted where community housing providers manage and maintain sites for 40 years, before handing the land and all dwellings back to Homes Victoria

| INITIATIVE  |
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| <b>Building regulatory reform</b> , including creation of a Building Monitor to represent consumer interests, improve approval processes and strengthening design standards                                 |
| <b>Protecting renters' rights</b> , including restricting rent increases between successive fixed-term rental agreements, new dispute resolution mechanisms and a \$2 million Rental Stress Support Package |

## Summary of funding initiatives

A mixture of pre-announced and new funding accompanies the Housing Statement. In summary these include:

- Levy on short-term rental accommodation to go to Homes Victoria for social housing (expected to collect \$70 million per annum)
- \$1 billion for an Affordable Housing Investment Partnership Program (AHIP) providing low interest loans and government guarantees
- \$1 billion social and affordable housing projects for regional Victoria (previously announced [20 July](#))
- Bring-forward of a \$400 million program for infrastructure works on growth corridor
- Additional \$500 million released from the Victorian Homebuyer Fund
- \$150 million Regional Worker Accommodation Fund to provide new housing options for key workers (previously announced [19 July](#))
- \$2 million Rental Stress Support Package through a Victorian Property Fund

## Information links:

**Victorian Government information** regarding the [Housing statement](#) (20 September)

### Premier media releases:

- [Affordability partnership to build 800,000 Victorian Homes](#) (20 September)
- [Affordability partnership to build 152,000 regional homes](#) (20 September)
- [Good decisions made faster](#) (21 September)
- [More homes closer where you want to live and work](#) (22 September)
- [Australia's biggest every urban renewal project](#) (24 September)

**Victoria Planning Provision (VPP) Changes:**

- [Amendment VC242](#) in [Planning Scheme Amendments Online](#) and [Ministerial Directions](#)
- [Amendment VC243](#) in [Planning Scheme Amendments Online](#) and [Ministerial Directions](#)