

ATTACHMENT B

Recent policy and legislation regarding Housing Affordability

Homes for Victorians: Affordability, access and choice (2017)

1. *Homes for Victorians: Affordability, access and choice (Homes for Victorians)* was released by the Victorian Government in March 2017 as a ‘coordinated approach across government’.
2. Homes for Victorians includes definitions of ‘affordable housing’, ‘public housing’, ‘community housing’ and ‘social housing’. These are consistent with the definitions in Plan Melbourne (which was released shortly after Homes for Victorians, also in March 2017).
3. Affordable housing is defined as follows:¹

Affordable housing is housing that is appropriate for the needs of a range of very low to moderate income households, and priced (whether mortgage repayments or rent) so these households are able to meet their other essential basic living costs.
4. Initiative 2 in Homes for Victorians is:

Increasing the supply of housing through faster planning.
5. Of particular relevance is initiative 2.4:

Inclusionary housing to increase the supply of social and affordable housing.
6. Homes for Victorians proposes as follows with respect to inclusionary housing in major developments:²

The responsibility for making sure we have more affordable homes should also belong to developers.

It’s why there is growing appetite from local councils to apply affordable housing provisions as part of both rezoning, and permit applications for major developments.

Already a number of developers are offering packages that include the delivery of affordable housing, in exchange for rezoning approval or a permit uplift condition through a value capture style agreement. The partnership could take one of a number of forms:

 - transfer of ownership of an agreed number of dwellings to a community housing association or the Director of Housing for use as social housing;
 - the sale of dwellings to a community housing association at an agreed discounted price to be used in perpetuity as affordable rental; and
 - offering units for sale to first home buyers through a shared equity scheme.

A clear framework will be developed to give developers, the community and local councils certainty around how a voluntary benefits scheme could be applied.

To provide a clear framework for these voluntary arrangements, the following will occur:

 - a legal definition of social and affordable housing will be put into legislation;
 - the Victorian Planning Provisions and State Planning Provision Framework will be amended to provide clear direction;

¹ See page 7.

² See page 23.

- a new voluntary tool will be developed to enable affordable housing agreements; and
- a new value capture tool will be developed to set out how these arrangements can be structured.

This will enable councils to set up voluntary arrangements with developers and land owners to provide affordable housing in exchange for rezoning.

A total of \$4.7 million has been allocated to implement these reforms.

Victoria’s 30-Year Infrastructure Strategy (Infrastructure Victoria, 2016)

7. Infrastructure Victoria released its *Victoria’s 30-Year Infrastructure Strategy (Strategy)* in December 2016.
8. The Strategy identifies 19 needs, including at number 7:
Provide better access to housing for the most vulnerable Victorians.
9. Recommendation 7.3 in support of that need is to:
Reform planning provisions to support the development of well-located, affordable housing.
10. This recommendation refers at 7.3.2 to ‘affordable housing planning mechanisms’ and provides as follows:
Review planning provisions and implement inclusionary zoning and/or provide incentives to deliver affordable rental housing in areas that are appropriate for high and medium density housing and close to public transport and services within 0-5 years. Inclusionary zoning should be considered primarily for government land and in areas where government is undertaking actions that will provide uplift to private land values (such as improved public transport access or land rezoning). Other incentivised planning provisions, such as floor area ratio bonuses, are appropriate for development on privately owned land. This work should be done in consultation with local government, the private sector and community housing organisations (ref. SAH and AHR).

Planning and Building Legislation Amendment (Housing Affordability and Other Matters) Act 2017 (HA Act)

11. Arising out of Homes for Victorians, the State Government passed the HA Act which will commence operation on 1 June 2018.
12. The HA Act introduces a framework into the planning system to allow for the provision of affordable housing via voluntary arrangements with the private sector.
13. Key changes comprise:
 - Inserting a new objective in the *Planning and Environment Act 1987* (PE Act) seeking ‘to facilitate the provision of affordable housing in Victoria
 - Inserting new section 3AA(1) and (4) in the PE Act containing a definition of affordable housing which is:
‘(1)...affordable housing is 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*.

...

(4) *In this section—*

low income households means households with a household income within the income range specified as a very low income range by Order under section 3AB;

moderate income households means households with a household income within the income range specified as a moderate income range by Order under section 3AB;

social housing has the same meaning as in section 4(1) of the Housing Act 1983;

very low income households means households with a household income within the income range specified as a very low income range by Order under section 3AB.’

- inserting new section 3AB in the PE Act enabling the Governor in Council, on recommendation of the Minister make an order published in the Government Gazette which may specify the above income ranges based on Australian Bureau of Statistics data
- inserting new section 3AA(2) in the PE Act requiring consideration to be given to any notice in the Government Gazette in ‘*what is appropriate for the housing needs of very low income households, low income households and moderate income households*’.
- inserting new section 3AA(3) in the PE Act which prevents any notice published in the Government Gazette from including price ranges or prices for the purchase or rent of housing
- inserting a new section 173(1A) in the PE Act specifying that a Responsible Authority may enter into a Section 173 agreement for the provision of affordable housing.