COMMUNITY HOUSING
Industry Association Victoria

Submission

Legislative Council Select Committee Inquiry

Planning Scheme Amendments VC257, VC267 and VC274

April 2024

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Acknowledgement of Country

CHIA Vic acknowledges the First Peoples of Victoria and their ongoing strength in practising the world's oldest living culture. We acknowledge the Traditional Owners of the lands and waters on which we live and work and pay our respects to their Elders past and present. We understand that because of the ongoing impacts of colonisation, a disproportionate number of First Peoples in Victoria do not have a safe, secure, affordable and appropriate place to call home, and we strive to support the community housing sector to provide First Peoples in Victoria with the homes they need.

About CHIA Vic

The Community Housing Industry Association Victoria (CHIA Vic) is the peak body that represents the not-for-profit community housing sector in Victoria. We advocate for and support the community housing sector to grow and thrive as part of a housing system where all Victorians have the dignity of an appropriate, secure and affordable home.

CHIA Vic's member organisations include all Community Housing Organisations (CHOs) registered under the Victorian regulatory framework. Together, these CHOs provide over 26,000 homes to Victorians poorly served by, or excluded from, the private rental and ownership market.

We welcome the opportunity to make a submission on behalf of the community housing sector to the Inquiry into Planning Scheme Amendments VC257, VC267 and VC274.

About this submission

CHIA Vic welcomes the opportunity to make a submission to the *Legislative Council Select Committee Inquiry into Planning Scheme Amendments VC257, VC267 and VC274* ('the Inquiry'). This submission has been prepared by CHIA Vic and approved by CHIA Vic's CEO Sarah Toohey. If additional information is required regarding this submission, please contact Sarah Toohey (sarah.toohey@chiavic.com.au).

Executive summary

A good home is a foundation for the most important things in life and critical to the economic productivity, growth, liveability and wellbeing of Melbourne. Housing is both a human right and critical social infrastructure. Unfortunately many people in Melbourne don't have a safe, secure and affordable place to call home. Approximately 109,900 households in metropolitan Melbourne didn't have appropriate housing in 2021. Aboriginal Victorians are disproportionately impacted by the housing crisis. Compared to the rest of the population, Aboriginal Victorians are more likely to experience homelessness, and less likely to own their own home.

The proposed Planning Scheme Amendments create an important opportunity to increase the supply of housing in areas that are well connected to transport and economic opportunities. However, the housing crisis cannot be fixed by purely focusing on increasing the supply of market housing alone. We need more social and affordable housing to ensure that everyone a has the dignity of a safe and affordable home, whatever their circumstances; and can live in the communities where they work and have the security to build the social connections that create a sense of belonging.

CHIA Vic strongly supports the intent of the Planning Scheme Amendments to provide more homes and greater housing choice, and speed up the delivery of building homes. It is encouraging to see the inclusion of a *voluntary public benefit uplift framework* applied to the Suburban Rail Loop East Precincts to support the delivery of social and affordable housing. However this alone is not sufficient. The Amendments and Framework are missing critical elements necessary to deliver the homes these communities need: targets for social and affordable housing, and a planning mechanism strong enough to deliver on those targets.

This submission outlines CHIA Vic's recommendations which would enable the delivery of social and affordable housing for the Activity Centres and other areas affected by the Planning Scheme Amendments:

- **Social and affordable housing targets**, including sub-targets for Aboriginal households.
- A **social and affordable housing contribution scheme** which is mandatory for all developments, includes a fixed contribution rate, and provides delivery options to maximise impact.

This is an opportunity Victoria cannot afford to miss.

Summary of recommendations

All CHIA Vic recommendations are intended to be outlined in the relevant policy documents such as Structure Plans; and detailed in the Planning Scheme amendments.

Recommendation 1 – social housing target

A target for a minimum of 13.5 percent of all new homes are social housing.

Recommendation 2 – affordable housing target

A target for a minimum of 3 percent of all new homes are affordable housing.

Recommendation 3 – Aboriginal housing target

a. A target for a minimum of 10 per cent of the social housing and 10 per cent of the affordable housing be delivered for Aboriginal Victorians; and
b. A requirement that this housing be owned and managed by an Aboriginal Community Controlled Organisation.

Recommendation 4 – mandatory social and affordable housing contribution

A mandatory social and affordable housing contribution requirement is applied for all private development including residential, commercial and industrial land.

Recommendation 5 – social and affordable housing contribution rate

A social and affordable contribution rate equivalent to 5.5 per cent of the market value of total floorspace is applied to all private development including residential, commercial and industrial land.

Recommendation 6 – contribution delivery partners

Require that social and affordable housing contributions are made direct to a registered CHO or to an Aboriginal Community Controlled Organisation.

Recommendation 7 – contribution delivery options

That social and affordable housing contributions be provided flexibly through:

- Gifting completed dwellings; or
- Selling completed dwellings at a discount; or
- A cash contribution

of equivalent value to the recommended contribution amount of 5.5 per cent of the market value of floorspace.

Our vision: everyone has a safe and affordable home

A good home is a foundation for the most important things in life: freedom, connection, community, relationships. Housing is critical to the economic productivity, growth, liveability and wellbeing of Victoria.

- **Housing is essential infrastructure** – it is fundamental to how our cities function. Along with transport networks, housing supports the effective functioning of our labour markets and allows people to live and work where they choose. Housing affects the life chances and choices of our population.
- **Housing is a human right** enshrined in international law.[1]

Unfortunately there are many people in Melbourne without a safe place they can afford to call home. We need more social and affordable housing to ensure that everyone a has the dignity of a safe and affordable home, whatever their circumstances; and can live in the communities where they work and have the security to build the social connections that create a sense of belonging. These Planning Scheme Amendments create an important opportunity to achieve this.

This is an opportunity Victoria cannot afford to miss.

Terminology: affordable housing

The term 'affordable housing' can mean different things to different people. Even within the legislative and policy context there are inconsistencies – for example, the *Planning and Environment Act 1987*[2] definition differs from the definition applied to *Homes Victoria's affordable homes program*[3].

This submission uses the affordable housing terminology outlined in ***CHIA Vic's affordable housing policy paper***[4] which argues that affordable housing should be:

- Rental housing, not housing for sale. This retains the public benefit of these programs.
- Targeted at households in the moderate-income range.
- Rented at a fixed rate of 30 per cent of the lower limit of the moderate-income range. This would be relative to dwelling size and location (metro vs regional).
- Owned by the community housing sector to support its permanent growth. Where ownership is not given, homes should be head leased to a CHO to ensure that they are rented in a fair and transparent way.

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[1] Amnesty International Australia, <https://www.amnesty.org.au/australias-housing-crisis-and-the-case-for-a-federal-human-rights-act/>

[2] Affordable Housing is defined under Part 1 – section 3AA of the Act.

[3] For information on the program see https://www.homes.vic.gov.au/homes-victoria-affordable

[4] https://chiavic.com.au/wp-content/uploads/2024/09/Defining-affordable-housing_CHIA-Vic-policy-paper.pdf

Social and affordable housing is critical social infrastructure

Housing is both a human right and critical social infrastructure. Whilst market supply issues need to be addressed, it is critical that social and affordable housing is a key part of the solution. The housing crisis cannot be fixed by purely focusing on increasing the supply of market housing.

Housing is out of reach for the most vulnerable

Anglicare's 2024 Rental Affordability Snapshot found that in metropolitan Melbourne:[5]

- 28 properties (0.3 per cent) were suitable for at least one household type living on income support without placing them in housing stress.
- 1,455 properties (14.5 per cent) were suitable for at least one household type living on minimum wage without placing them in housing stress.
- Students, job seekers, older Melburnians and those living with disabilities are being left behind – no properties were affordable for a single person receiving Youth Allowance, JobSeeker or the Disability Support Pension.
- Single parents are being priced out of the market – only 41 properties were affordable for a single parent earning the minimum wage and with two children.

Many households don't have the home they need

Too many Victorian households don't have suitable housing – in 2021[6]:

- Around 6 per cent of all Victorians did not have suitable housing.
- In metropolitan Melbourne approximately 109,900 households did not have suitable housing.

These households were either experiencing homelessness, living in overcrowded housing, or were on low incomes and spending more than 30 per cent of their income on rent in the private rental market[7]. These households would struggle to meet the other daily costs of living.

By 2051, CHIA Vic estimates that metropolitan Melbourne will need 244,950 units of social housing[8] to ensure that all households can secure an affordable and safe home.

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[5] Data from Anglicare Rental Affordability Snapshot 2024: https://www.anglicare.asn.au/wp-content/uploads/2024/04/Rental-Affordability-Snapshot-Regional-Reports.pdf

[6] University of New South Wales (UNSW), Quantifying Australia's unmet housing need: regional snapshot https://cityfutures.ada.unsw.edu.au/documents/702/CHIA-housing-need-regional-snapshots-v1.3.pdf

[7] It is generally accepted that if housing costs exceed 30% of a low-income household's (households with the lowest 40% of income) gross income, then that household is experiencing housing stress. SGS Economics and Planning https://sgsep.com.au/maps/thirdspace/australia-rental-affordability-index/

[8] Figures extrapolated by CHIA Vic from UNSW unmet demand by 2041 and spread equally over 28 years (2024 – 2051)

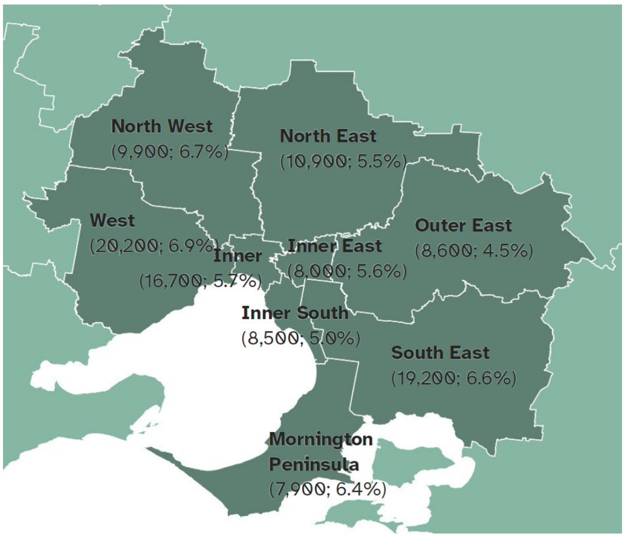

Figure 1 – households without appropriate housing 2021[9]

There is a severe shortage of social housing

In December 2024, there were 55,024 households on the Victorian Housing Register (VHR). [10]

Data from the Productivity Commission shows that Victoria has the lowest proportion of social housing in Australia[11], as shown in the graph below. This means that households that receive social housing wait more than 16 months to be allocated a home[12].

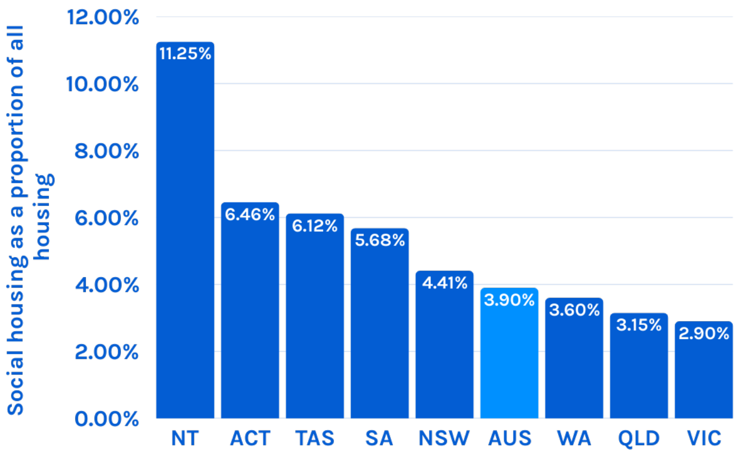

Figure 2 – social housing as a proportion of all housing by state[13]

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[9] University of New South Wales (UNSW), Quantifying Australia's unmet housing need: regional snapshot, https://cityfutures.ada.unsw.edu.au/documents/702/CHIA-housing-need-regional-snapshots-v1.3.pdf

[10] Homes Victoria data on social housing applications on the VHR, https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr

[11] Productivity Commission, Report on Government Services 2025 – housing, https://www.pc.gov.au/ongoing/report-on-government-services/2025/housing-and-homelessness/housing>

[12] Victorian Government budget 2023-24 – budget paper no. 3: service delivery, https://www.dtf.vic.gov.au/2023-24-state-budget

[13] Productivity Commission, Report on Government Services 2025 – housing, https://www.pc.gov.au/ongoing/report-on-government-services/2025/housing-and-homelessness/housing

Aboriginal Victorians are disproportionately impacted

Because of the ongoing impacts of colonisation, a disproportionate number of First Peoples in Victoria do not have a safe, secure and appropriate place to call home. First Peoples in Victoria are disproportionately exposed to disfunction in the private rental market and shortage of social housing.

In Victoria, Aboriginal Victorians are:

- Experiencing homelessness at four times the rate of non-Aboriginal Victorians[14].
- Less likely to own their own homes.
- More likely to rent.

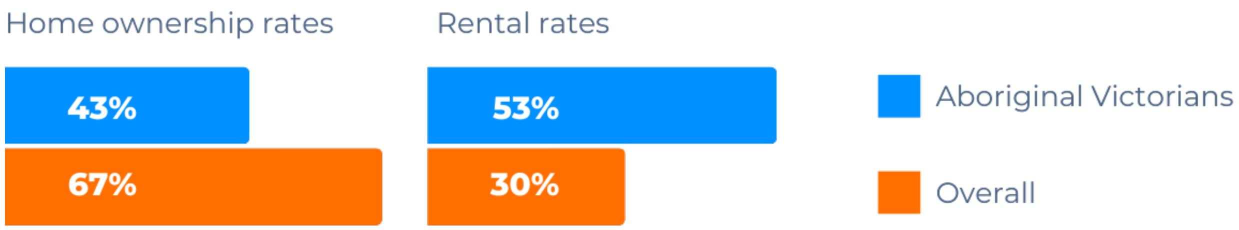

Figure 3 – home ownership rates and rental rates for Aboriginal Victorians in metropolitan Melbourne*[15]*

[14] 2021 Census
[15] 2021 Census: https://www.abs.gov.au/census/find-census-data/quickstats/2021/2GMEL and https://abs.gov.au/census/find-census-data/quickstats/2021/IQS2GMEL

What's needed to deliver more social and affordable housing

CHIA Vic strongly supports the intent of the Planning Scheme Amendments to provide more homes and greater housing choice, and speed up the delivery of building homes. It is encouraging to see the inclusion of a *voluntary public benefit uplift framework* to support the delivery of social and affordable housing. However this alone is not sufficient to deliver the social and affordable housing needed. The Amendments and Framework are missing critical elements necessary to deliver the homes these communities need: targets for social and affordable housing, and a planning mechanism strong enough to deliver on those targets.

With the right mechanisms, these Planning Scheme Amendments can play a pivotal role in boosting the supply of much needed social and affordable housing. This requires:

- **Social and affordable housing targets**, including sub-targets for Aboriginal households.
- A **social and affordable housing contribution scheme** which is mandatory for all developments, includes a fixed contribution rate, and provides delivery options to maximise impact.

All CHIA Vic recommendations are intended to be outlined in the relevant policy documents such as Structure Plans; and detailed in the Planning Scheme amendments.

Social and affordable housing targets

As noted earlier:

- In 2021 around 109,900 households in metropolitan Melbourne did not have suitable housing. These households were either experiencing homelessness, overcrowding, or were on low incomes and paying more than 30 per cent of their income on rent in the private rental market.
- Aboriginal Victorians are disproportionately impacted by the housing crisis. Compared to the rest of the population, Aboriginal Victorians are more likely to experience homelessness, and less likely to own their own home.

In CHIA Vic's submission to the *Plan for Victoria*[16], we outlined the need for social and affordable housing and demonstrated the need for targets to address the shortfall:

- Social housing should make up 13.5 per cent of all new housing.
- Affordable rental housing should make up 3 per cent of all new housing.
- That a minimum of 10 per cent of the social housing and 10 per cent of the affordable housing targets be delivered for Aboriginal Victorians.

[16] CHIA Vic's submission to *Plan for Victoria* available https://chiavic.com.au/wp-content/uploads/2024/09/A-new-plan-for-Victoria_CHIA-Vic-FINAL-submission.pdf

Recommendation 1 – social housing target

A target that a minimum of 13.5 percent of all new homes are social housing.

Recommendation 2 – affordable housing target

A target that a minimum of 3 percent of all new homes are affordable housing.

Recommendation 3 – Aboriginal housing target

a. A target for a minimum of 10 per cent of the social housing and 10 per cent of the affordable housing be delivered for Aboriginal Victorians; and
b. A requirement that this housing be owned and managed by an Aboriginal Community Controlled Organisation.

A social and affordable housing contribution scheme

Social and affordable housing is essential infrastructure that is necessary for sustainable development. Therefore, it is appropriate that part of the cost to provide it is met through the development process. Other types of essential infrastructure such as roads, open space and community facilities are similarly partly funded by development contributions, which are required at the planning permit application stage.

The external benefits generated by social and affordable housing as essential infrastructure fall within three broad categories, each of which align with responsibilities held by the Commonwealth Government, State Government and developers:[17]

1. **Commonwealth Government – poverty alleviation**
   Mitigating risk of poverty experienced by low-income families after they have paid for their housing expenses.
2. **State Government – regional economic development**
   Facilitating supply of key workers with relevant skills across key locations and regional economies.
3. **Developers – Placemaking**
   Creating better neighbourhoods by supporting diversity and inclusion in placemaking.

We agree with the arguments put forward by SGS Economics,[18] that the cost of supplying this infrastructure should be shared equally between these parties.

[17] SGS Economics & Planning (2023), 'National Housing Assistance Policy: Trends and Prospects', accessed from https://sgsep.com.au/assets/main/SGS-Economics-and-Planning_Commonwealth-housing-policy_occasional-paper.pdf

[18] As above.

A mandatory social and affordable housing contribution

Whilst it is encouraging to see the inclusion of a *voluntary public benefit uplift framework* to support the delivery of social and affordable housing, it is unlikely that this will deliver the homes needed because:

- it is voluntary; and
- social and affordable housing is just one of three contribution types available, and
- where housing is provided it is to be sold at a 30 per cent discount to market.

To date, voluntary regimes have proven ineffective in achieving significant or equitable contributions to social housing supply. The outcomes of negotiations undertaken within a voluntary framework are likely to vary considerably, leading to lack of delivery of housing and inconsistent treatment of developers.[19] CHOs, councils, and developers across Victoria consistently note that negotiating affordable housing on a case-by-case basis under the existing voluntary framework is time consuming and costly.

Despite being in operation for over five years, the current voluntary mechanism has yet to deliver significant numbers of social and affordable homes. Reasons for this include:

- There is **little incentive for developers to enter into agreements,** and Councils have few powers to encourage negotiations.
- Most negotiated agreements have **relied on state government funding to be realised**. This is because the form of the contribution is most often the sale of dwellings at a discount to a community housing provider, as recommended in the *voluntary public benefit uplift framework*

Community housing organisations sets long term social housing rents at no more than 30 per cent of a household income. Affordable rents are no more than 74.9 per cent of market rents. Neither of these rent setting modes generate sufficient income to wholly finance the purchase of a property at 70 per cent of the market price. This means that where planning contributions rely on the sale of dwellings to a community housing provider, they stall until a funding source becomes available from either the State or Federal Governments. Until the Big Housing Build was announced in 2020 there was no such funding source and very few homes were realised using planning mechanisms. The Big Housing Build funding to community housing providers is now largely allocated and there is no funding pipeline to realise the purchases proposed in the *voluntary public benefit uplift framework*.

[19] For some discussion of the challenges of a negotiation-based model see Katrina Raynor, Matthew Palm, and Georgia Warren-Myers, "'Ambiguous, Confusing, and Not Delivering Enough Housing,'" Journal of the American Planning Association 87, no. 4 (May 2021): 542–55.

An uplift contribution scheme similar to the *voluntary public benefit uplift framework* has been in place in the central city zone[20] since 2016. This scheme has yielded little in the way of affordable housing as developers have preferred to provide other 'public benefits' such as laneways, plazas or low cost office space.

Affordable housing contribution mechanisms (also known as inclusionary zoning) are supported by housing economists, think tanks and local governments.[21] Recent AHURI research found that even developers have begun to recognise the need for a mandatory scheme as it would provide certainty around requirements, making it easier to assess project feasibility. [22]

Case study: affordable housing contributions operate worldwide

Mandatory affordable housing contributions have been operating in Australian and international jurisdictions for many years, including:[23]

- In **NSW** the **Transport Oriented Development (TOD) Program** will establish inclusionary zoning for affordable housing.
    - In eight TOD accelerated precincts 15 per cent of homes will be affordable housing held in perpetuity; and
    - In 31 transport hubs, a 2 per cent affordable housing contribution will be required on all new developments. The contribution will gradually increase over time.
- In **New South Wales, specified zones in the City of Sydney** require developments to include a minimum amount of social housing. For residential developments, 0.8 per cent of total floor space is required, and non-residential developments require 1.1 per cent of total floor space.
- Across **South Australia**, in significant development projects, 15 per cent of dwellings must be affordable housing, including at least 5 per cent for high needs groups. Between 2005 to 2015, this resulted in 5,485 affordable homes which was approximately 17 per cent of new supply in major residential projects.
- In the **UK**, private developments have been required to include affordable housing since the 1990s. This provided 26,000 affordable homes in 2021-2022, ranging from social rental housing to affordable home ownership.
- Many jurisdictions in the **USA** have implemented mandatory affordable housing requirements, including New Jersey, California, Massachusetts, Baltimore, Denver, New York, Philadelphia, Sacramento and Santa Fe.

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[20] See: Central city planning provisions

[21] The Constellation Project (2023) *Mandatory Inclusionary Zoning National Framework*. https://theconstellationproject.com.au/wp-content/uploads/2023/11/FRAMEWORK_MIZ-national-framework_2023.pptx-1.pdf

[22] Benedict, R., Gurran, N., Gilbert, C., Hamilton, C., Rowley, S. and Liu, S. (2022) *Private sector involvement in social and affordable housing*, AHURI Final Report No. 388, Australian Housing and Urban Research Institute Limited, Melbourne, https://www.ahuri.edu.au/research/finalreports/388, doi: 10.18408/ahuri7326901.

[23] AHURI (2023) *What is Inclusionary zoning, and how does it help deliver affordable housing*. https://www.ahuri.edu.au/analysis/brief/what-inclusionary-zoning-and-how-does-it-help-deliver-affordable-housing

Recommendation 4 – mandatory social and affordable housing contribution

A mandatory social and affordable housing contribution requirement is applied for all private development including residential, commercial and industrial land.

A social and affordable housing contribution rate

As noted earlier, the societal benefits generated by social and affordable housing as essential infrastructure fall within three broad categories of impact, each of which align to the funding responsibilities of the Commonwealth, State Government and developers:

1. **Commonwealth Government – poverty alleviation**
   Mitigating risk of poverty experienced by low-income families after they have paid for their housing expenses.
2. **State Government – regional economic development**
   Facilitating supply of key workers with relevant skills across key locations and regional economies.
3. **Developers – Placemaking**
   Creating better neighbourhoods by supporting diversity and inclusion in placemaking. [24]

As such, we recommend dividing the funding responsibility for social and affordable housing equally between developers, the Commonwealth, and the Victorian Government.

As outlined above, CHIA Vic is recommending an overall social and affordable housing target of 16.5 per cent (13.5 per cent social housing and 3 per cent affordable housing). If we accept that the responsibility for delivery should be shared equally across governments and developers, then on privately-owned land there should be a requirement that developers contribute land, dwellings or cash equivalent to 5.5 per cent of the market value of total floorspace (one third of the recommended social and affordable housing target of 16.5 per cent). The developer contributions should be supplemented by State and Commonwealth grant funding and low-cost financing to achieve the full 16.5 per cent of social and affordable housing required.

Recommendation 5 – social and affordable housing contribution rate

A social and affordable contribution rate equivalent to 5.5 per cent of the market value of total floorspace is applied to all private development including residential, commercial and industrial land.

Contribution delivery partners

CHIA Vic welcomes the *voluntary public benefit uplift framework* requirement that an affordable housing contribution is provided to a Registered Housing Agency. The community housing sector can play a pivotal role in boosting the supply of homes Victoria through the delivery of social and affordable housing. This is because of the sector's:

[24] SGS Economics and Planning (2023), *National Housing Assistance Policy: Trends and Prospects*. https://sgsep.com.au/assets/main/SGS-Economics-and-Planning_Commonwealth-housing-policy_occasional-paper.pdf

- **Purpose and mission** – CHOs are not-for-profit charities driven by a mission to provide safe, secure and affordable homes for people that can't afford another place to live.
- **Experience delivering and managing homes** – CHOs have a proven track record and are experienced in property and tenancy management; allocating homes to people who need it most; community development; supporting renters; and property development.
- **Regulation** – registered CHOs are regulated by the Victorian Housing Act 1983. The regulatory system is managed by the Housing Registrar, which sits within the Department of Treasury and Finance.
- **Cost efficiency** – CHOs are highly cost effective in non-market housing delivery because they don't rely on the development making a profit; are eligible for a GST refund on construction costs; and can access a range of capital grant funding opportunities.
- **Innovation** – CHOs are highly innovative and proficient at forging complex partnerships with diverse stakeholders and exploring non-traditional and unconventional housing solutions.

Social and affordable housing contributions should also be made to Aboriginal Community Controlled Organisations to:

- help address the disproportionate impact of the housing crisis on Aboriginal Victorians; and
- uphold the principles of self-determination.

Recommendation 6 – contribution delivery partners

Require that social and affordable housing contributions are made direct to a registered CHO or to an Aboriginal Community Controlled Organisation.

Contribution delivery options to maximise the impact

CHIA Vic welcomes the *voluntary public benefit uplift framework* requirement that an affordable housing contribution is provided to a Registered Housing Agency. However, the requirement that this is through a sale at 30 percent discount to market rate will limit the potential impact. As outlined above, the community housing rent model, designed to prevent housing stress for renters, does not generate sufficient income to fully finance the purchase of a dwelling, even with a discount.

In addition to the financial constraints, purchasing completed dwellings at a discount may not always be the best option, or even a feasible option. For example:

- In developments with high body corporate fees, a CHO will not be able to meet the ongoing operational costs of managing and maintaining the homes, making a discounted purchase infeasible. In this instance, a cash contribution would be more suitable.
- Even with a 30 per cent discount on the purchase price, a CHO still needs a significant amount of capital to bridge the funding shortfall. In the absence of an annual funding program from either the Victorian or Federal Governments, the ability of a CHO to purchase the dwelling will be limited and gifting dwellings or a cash contribution would be a more suitable option.

- A contribution is not possible for non-residential developments. In this instance, a cash contribution would be more suitable.

The Victorian Government's Development Facilitation Pathway for affordable housing provides several options for how a contribution is provided.

Case study: Development Facilitation Pathway for affordable housing

Residential development projects with a value of over $15 million in Regional Victoria or $50 million in Metropolitan Melbourne that deliver at least 10% of the development as affordable housing are eligible for the Development Facilitation Pathway. The Pathway specifies that the affordable housing is to be delivered in one of the following forms:

1) Discounted sale or gifting of homes to a registered community housing organisation or Homes Victoria where:
   a) 10% of all dwellings are sold at a 30% discount to the market value or
   b) Gifting of homes to a registered community housing organisation or Homes Victoria where 3% of all dwellings are gifted or
   c) An alternate percentage of dwellings or discount rates that is equivalent in value to 3% of all dwellings.
2) A cash contribution equal to 3 per cent of the market value of the completed development to the Social Housing Growth Fund.

The dwelling mix of the affordable housing should generally reflect the total dwelling mix of the project.

The agreed affordable housing contribution will be set out in a section 173 agreement, which must be entered into prior to the issue of a permit for the development.

Recommendation 7 – contribution delivery options

That a social and affordable housing contributions be provided flexibly through:

- Gifting completed dwellings; or
- Selling completed dwellings at a discount; or
- A cash contribution

of equivalent value to the recommended contribution amount of 5.5 per cent of the market value of floorspace.

Conclusion

Housing is critical to the economic productivity, growth and liveability of Melbourne. It is both essential infrastructure and a human right. Unfortunately there are many people in Melbourne without a safe place they can afford to call home. Approximately 109,900 households in Melbourne didn't have appropriate housing in 2021. Aboriginal Victorians are disproportionately impacted by the housing crisis. Compared to the rest of the population, Aboriginal Victorians are more likely to experience homelessness, and less likely to own their own home.

The proposed Planning Scheme Amendments create an important opportunity to increase the supply of housing in areas that are well connected to transport and economic opportunities, reducing travel costs to individuals and infrastructure costs to the broader community.

However, the housing crisis cannot be fixed by increasing the supply of market housing alone. We need more social and affordable housing to ensure that everyone a has the dignity of a safe and affordable home, whatever their circumstances; and can live in the communities where they work and have the security to build the social connections that create a sense of belonging.

CHIA Vic strongly supports the intent of the Planning Scheme Amendments to provide more homes and greater housing choice, and speed up the delivery of building homes. It is encouraging to see the inclusion of a *voluntary public benefit uplift framework* to support the delivery of social and affordable housing. However this is not sufficient and will not deliver the social and affordable housing needed.

With the right mechanisms, the Planning Scheme Amendments can play a pivotal role in boosting the supply of much needed social and affordable housing. This requires:

- **Social and affordable housing targets**, including sub-targets for Aboriginal households.
- A **social and affordable housing contribution scheme** which is mandatory for all developments, includes a fixed contribution rate, and provides delivery options to maximise impact.

This is an opportunity Victoria cannot afford to miss.

Glossary

Affordable housing	This submission uses the affordable housing terminology outlined in **CHIA Vic's affordable housing policy paper** which argues that affordable housing should be: • Rental housing, not housing for sale. This retains the public benefit of these programs. • Targeted at households in the moderate-income range. • Rented at a fixed rate of 30 per cent of the lower limit of the moderate-income range. This would be relative to dwelling size and location (metro vs regional). • Owned by the community housing sector to support its permanent growth. Where ownership is not given, homes should be head leased to a CHO to ensure that they are rented in a fair and transparent way.
Community housing	Housing managed by a non-for-profit community housing organisation. Most community housing is social housing, however some CHOs also provide other housing programs including crisis accommodation, transitional housing, and affordable housing.
Community housing organisation (CHO)	Non-for-profit organisations that provide safe, secure and affordable homes for people that can't afford another place to live.
Registered Housing Agency	A Community Housing Organisation registered under the Housing Act 1983 and subject to regulation overseen by the Victorian Housing Registrar.
Social housing	Defined in the Housing Act as public housing (owned and managed by the State Government) and housing owned, controlled or managed by a participating registered agency (a Registered Housing Agency).
Victorian Housing Register (VHR)	The waiting list for social housing in Victoria.

Appendix 1: summary of Planning Scheme Amendments VC257, VC267 and VC274

No	Description	More info
VC257	**Activity centres** Victoria has two new planning 'tools' to "support housing growth in and around activity centres and other well-serviced locations in line with Victoria's Housing Statement: The Decade Ahead 2024-2034 (Victoria's Housing Statement)." These tools are the: 1. Housing Choice and Transport Zone (**HCTZ**) Clause 32.10 2. Built Form Overlay (**BFO**) Clause 43.06	VPP website VC 257
VC267	**Townhouse and Low-Rise Code** The new code introduces a deemed to comply assessment pathway to support faster decisions and greater certainty for townhouses and apartment buildings up to three storeys at clause 55 of all planning schemes.	VPP explainer VPP website VC 267
VC274	**Suburban rail loop** Amendment VC274 introduces the Precinct Zone (PRZ) at Clause 37.10 to support housing and economic growth in priority precincts across Victoria in line with Victorias Housing Statement, The Decade Ahead 2024-2034 and the Victorian Governments vision for priority precincts, including Suburban Rail Loop precincts.	VPP website VC 274