Direction 2.3

Increase the supply of social and affordable housing

The planning system alone cannot address all of the issues related to the provision of social and affordable housing. A range of programs and measures across all levels of government are required, but it is important that the planning system makes it easier—rather than harder—to deliver social and affordable housing.

In recent years, housing prices have risen faster than incomes, making home ownership increasingly unattainable for many citizens. As a result, many households may remain in the private rental market indefinitely unless they are prepared to buy in locations with poorer access to services and jobs.

The most severe and chronic housing affordability problems are experienced by lower-income households in the private rental market, particularly those reliant on statutory incomes such as Centrelink. In addition, levels of homelessness have increased in Victoria, with more than 22,000 people recorded as homeless on Census night in 2011.

For Melbourne to remain liveable for all its citizens, the supply of social and affordable housing needs to be increased. A range of housing types need to be developed within suburbs across Melbourne—not just in outer areas—to improve local affordability for homeowners and renters.

WHAT IS AFFORDABLE HOUSING AND WHAT IS SOCIAL HOUSING?

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.

Social housing is a type of rental housing that is provided and/or managed by the government (public housing) or by a not-for-profit organisation (community housing). Social housing is an overarching term that covers both public housing and community housing.

Policy 2.3.1

Utilise government land to deliver additional social housing

The Victorian Government holds valuable land assets that can contribute to the delivery of additional social and affordable housing.

The Victorian Government will increase the supply of social and affordable housing through identifying surplus government land suitable for housing. Sites identified as being surplus to government requirements need to be re-used in ways that deliver broad community benefits—such as boosting the supply and spread of social and affordable housing. Opportunities to increase overall supply through the regeneration of existing public housing also need to be identified.

The government is taking a strategic approach to accelerating the development of well-located surplus government land. A pilot program has been developed for a number of sites suitable for affordable housing. Other opportunities to leverage surplus government land to deliver social housing while maximising the opportunity to deliver planning uplift and certainty will be investigated, including local government land and surplus land held by other agencies.

Policy 2.3.2

Streamline decision-making processes for social housing proposals

Delays in approvals can result in additional holding costs and make social-housing developments harder to deliver.

Streamlined approval processes for the government and the community-housing sector can help facilitate the supply of social housing.

To support an increase in the supply of social housing, a new streamlined approval process will be developed for social-housing projects. This will facilitate faster delivery of social-housing projects with lower holding costs and greater planning certainty.
Policy 2.3.3
Strengthen the role of planning in facilitating and delivering the supply of social and affordable housing.

There is a pressing need to increase the supply of social and affordable housing for households unable to afford market-rate housing.

The supply of social and affordable housing is largely dependent on the availability of subsidies to cover the gap between what very low income households can pay and the cost of providing housing. However, the land-use planning system can be reformed and strengthened to help support and facilitate the delivery of more social and affordable housing.

There are currently several planning-related barriers to the delivery of more social and affordable housing—including a lack of clarity in legislation and planning provisions on what constitutes affordable housing, and the absence of clear planning tools or mechanisms to require the provision of social or affordable housing as part of the planning process. Current approaches (such as requiring section 173 Agreements under the Planning and Environment Act 1987 or applying requirements through tools such as Development Plan Overlays) have been criticised for not being sufficiently robust and inequitably applied.

The planning system will be reformed to facilitate the delivery of more social and affordable housing. These reforms will clearly define social and affordable housing, create a clear head of power for affordable housing contributions, and clarify the role the planning system has to play in the delivery of new housing. Reforms will also include new planning provisions or tools to deliver social and affordable housing. These reforms will explore inclusionary zoning and mechanisms to capture and share value created through planning controls.

New provisions or tools will be developed in consultation with the community-housing sector, the residential-development industry and local government.

Policy 2.3.4
Create ways to capture and share value uplift from rezonings.

There is an increasing need to encourage the development of more affordable housing, including the integration of social and affordable housing options within major urban renewal developments.

There is scope to capture some of the value created by the rezoning process for policy priorities such as social and affordable housing.

Urban renewal precincts and sites offer significant opportunities to deliver tangible broader public benefit through their rezoning for social or affordable housing, as well as local assets such as open space and community facilities.

Considering needs to be given to developing a new requirement that when land is rezoned to allow for higher value uses, a proportion of the value uplift should be contributed to the delivery of broader public benefit outcomes such as social and affordable housing.
Direction 2.4

Facilitate decision-making processes for housing in the right locations

Many sites identified for future housing face lengthy decision-making processes. This can make it time consuming to develop new housing, driving up housing costs.

Many sites across Melbourne have a legacy of environmental contamination as a result of the city's industrial and manufacturing heritage. For some sites, the cost of remediation may limit re-use options.

Developments allowing more than a single dwelling can also be subject to lengthy assessment processes and appeals even if they are in areas where change is envisaged. Contested applications generally arise where performance-based requirements exist instead of clearer, more prescriptive requirements.

The uncertainty in the system needs to be reduced, particularly for development in areas defined for change and housing growth.

Policy 2.4.1

Support streamlined approval processes in defined locations

Attracting population and housing growth to the most suitable, well serviced areas will be assisted by providing clear approval processes for preferred areas and quality housing developments that appeal to a range of households on different incomes.

A streamlined, codified approval process will be developed and implemented for defined change areas. Under this process, proposals could be required to achieve a set of premium development standards related to dwelling design, open space and residential amenity and demonstrate delivery of good urban design outcomes for the locality.

A codified approval process will speed up decision-making in defined locations and provide local governments, the community and the housing sector with greater certainty. If a proposal does not meet the set standards for codified approval, then a normal approval process would apply.

Policy 2.4.2

Facilitate the remediation of contaminated land, particularly on sites in developed areas of Melbourne with potential for residential development

Policy frameworks and controls for managing contaminated environments must support safe redevelopment. They also need to allow for innovative approaches that maximise redevelopment opportunities for residential uses.

That is why the integration of land-use planning and environmental processes for assessment and remediation of contaminated sites must improve. The uncertainty of investigation and clean-up requirements for potentially contaminated land must also be reduced, so that land can be brought to market sooner.
Direction 2.5

Provide greater choice and diversity of housing

Housing diversity relates to the size, cost, number of bedrooms, character and age of dwellings. It also extends to other types of housing, such as low-cost rental aged care, supported accommodation for people with disability, rooming houses, student accommodation and social housing.

Creating greater choice and diversity of housing across the city has clear benefits—such as improved access to jobs, services and transport. For newly formed households, providing a diversity of housing may enable them to remain within a preferred location. For older couples, housing diversity may enable them to downsize to more compact accommodation within their neighbourhood.

Policy 2.5.1

Facilitate housing that offers choice and meets changing household needs

Melbourne needs a greater mix of housing. Alternate forms of housing, such as secondary dwellings, can offer opportunity for small-scale development in established areas—creating opportunities for extended families to live together or older couples to downsize.

Internal design can also increase the flexibility and adaptability of dwellings. For example, universal design ensures homes are accessible to people with disability—accessibility will become more important as the population ages. A flexible internal design can also help accommodate adult children remaining or returning home as well as the addition of elderly parents to a household.

The planning system will be amended to cater for different types of housing and accommodation.

Policy 2.5.2

Provide a range of housing types in growth areas

In growth areas, there needs to be a move away from uniform-sized housing lots towards providing both higher and lower densities within each precinct.

Planning for growth areas must deliver a variety of lot sizes and housing types. This can be achieved through both larger lots (to provide a sizeable backyard for those families that desire it), as well as options for townhouses, low-rise apartments, and aged-care housing close to shopping centres and community facilities.

SECONDARY DWELLINGS

A number of states across Australia allow the development of a secondary dwelling.

A secondary dwelling—sometimes referred to as a granny flat or bedsitter—is an additional self-contained dwelling developed on the same land as a principal dwelling. It is limited in size and can be located within, beside, behind, below or above the principal dwelling.

A range of development standards are generally required to be met to be classified as a secondary dwelling, such as site area requirements, building heights and setbacks, landscaping and services. If development standards are met, a fast-track approval process applies.

In some areas, there are limitations on the secondary dwelling being occupied by persons who form one household with the principal dwelling.16