

December 2017

# Draft Fishermans Bend Framework Submission

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## About the Community Housing Industry Association Victoria (CHIA Vic)

CHIA Vic (formerly known as the Community Housing Federation of Victoria) is the peak body that represents the not-for-profit community housing sector in Victoria.

CHIA Vic works to support the growth of community housing as the most effective and efficient means of ensuring more disadvantaged Victorians can enjoy the dignity of safe, secure and appropriate housing.

CHIA Vic’s member community housing organisations (CHOs) are committed to providing secure, affordable and decent housing for people on low to middle incomes.

Members include the organisations registered as housing associations or housing providers under the Victorian regulatory framework for non-profit housing providers, plus other organisations and individuals interested in housing. These registered organisations manage more than 19,000 units of rental property, over 9,000 of which are owned by organisations themselves.

## Executive summary

The urban renewal of Fishermans Bend comes at a time when our housing system failings are more apparent than ever: first home buyers are struggling to get a foothold; renters are under increasing stress as the private market tightens; our social housing system is unable to cope with overwhelming demand; and, levels of homelessness in our cities and regions are alarming.

These pressures will continue to worsen without urgent intervention and coordination across all levels of government. A failure to ensure that all Victorians can access decent and affordable housing will continue to be a blight on our community and a drag on our economic prosperity.

It is in this environment that CHIA Vic welcomes the opportunity to make a submission on the Draft Fishermans Bend Framework.

CHIA Vic views inclusionary zoning or developer requirements for affordable housing as a strategy that can contribute to improved and inclusive affordable housing supply. However, such strategies must be part of a broader housing framework and be developed with the right policy and financing supports. In that context, the Draft Framework should be viewed alongside the wider *Homes for Victorians* housing affordability strategy.

## Delivering affordable housing through the planning system

CHIA Vic supports initiatives that require a commitment to including affordable housing:

- as a condition of sale of government land; and
- on privately owned land as a condition of planning approval (often referred to as 'inclusionary zoning').

The community housing sector has the experience and capabilities to ensure the social and affordable housing outcomes delivered through these mechanisms are owned and managed appropriately in the long term.

### Policy

In 2015, CHIA Vic (then CHFV), developed a policy on inclusionary housing and support principles. They stated that, CHIA Vic:

1. Supports requirements for affordable housing outcomes to be delivered as a condition of the sale of government-owned land. This policy should be applied to all government land sales where there is an established affordable housing need. The affordable housing outcomes on these sites should be maximized, with a 15 per cent requirement to be viewed as the minimum.
2. Supports requirements to be placed on privately-owned land as a condition of a planning approval, referred to as 'inclusionary zoning'. This should be mandatory in cases of rezoning or investment where the government planning decision creates an uplift in the value of the land, and the resulting development is anticipated to place negative pressures on local infrastructure and local market affordability. Other mechanisms that create additional value for developments, such as density bonuses, could also be utilised to capture part of this uplift for affordable housing outcomes.
3. Views planning or developer requirements as one component of an inclusionary zoning policy. In our members' experience, when such requirements are applied in isolation from wider policy and

funding supports, they are unlikely to achieve the desired outcomes at the scale and quality that is required.

4. Recommends that the community housing sector own and/or manage affordable housing delivered through inclusionary zoning requirements to ensure the benefit is captured in the long-term.

5. Recommends policies to require affordable housing as a condition of development of public or private land be underpinned by an understanding of the policy, regulatory, and funding requirements of the community housing sector, and an understanding of market factors and development processes impacting on both the private and community housing sectors' capacity to deliver.

### Principles for inclusionary zoning

The following principles should underpin the application of any inclusionary zoning approach in Victoria:

1. Planning or development requirements for affordable housing must be understood within the wider context of market and development economics and financing. There are costs in housing low-income households and housing providers have financial limitations which must be recognised and addressed.

2. All levels of government have a role to play in facilitating and providing targeted social and affordable housing options for low to moderate income households who are limited in their ability to participate in the private market.

3. Government commitment to long-term, stable policy and regulatory settings that enable the growth of, and access to, social and affordable housing on an ongoing viable basis is critical. Community housing organisations and private developers require this stability to be able to work collaboratively to deliver the social and affordable housing that would be required under a planning or development approval process.

4. Surplus government land is an important and finite community asset. The sale of this land should maximise opportunities to deliver access to affordable housing. The social return on investment from the provision of new social and affordable housing should be taken into account when determining the 'return' to government of the sale of the land.

5. Planning policy should be driven by the objectives of maximising land-use potential whilst facilitating positive economic, social and environmental land-use outcomes. This includes affordable housing outcomes, which should be reflected and supported in state planning legislation and policy.

6. Planning processes and approvals that are anticipated to contribute to an increase in the value of privately owned land should be harnessed with a portion of this value captured to provide community benefits and affordable housing outcomes.

7. Affordable housing delivered through an inclusionary zoning approach should be:

- of a high-quality design and fit-out
- integrated with privately-owned housing
- be unable to be distinguished externally from privately owned housing

- retained as affordable housing in the long-term through secure management and/or ownership structures, and appropriate legal and regulatory mechanisms.

## Our comments on the Draft Framework

In light of these principles, we make the following submission on the Draft Framework.

### Target of 6% affordable housing

The Draft Framework's target for housing that is affordable for low to moderate incomes in Fishermans Bend is a modest target of at least 6 per cent.

In light of Victoria's housing crisis, CHIA Vic is keen to see a more substantial target.

Only 3.5 per cent of all housing in Victoria is social housing; the lowest proportion of anywhere in Australia. Fishermans Bend provides an opportunity to create more social housing in an area that is well-located and near to jobs, transport and services.

We must avoid repeating the mistakes of the renewal of the Docklands precinct where only limited affordable housing was delivered.

### Define 'affordable'

The Draft Framework suggests that affordable housing will meet a wide range of needs, stating that the proposed affordable housing should include:

*...a range of affordable housing models, typologies, and occupancies, from short-term crisis accommodation through to long-term secure housing for people with special needs, the aged and key workers employed in essential services.*

The Framework should also include sub-targets for:

- social housing – targeted at high priority households on very low incomes (who generally require the highest subsidy);
- affordable rental housing – targeted at low and moderate income working households (who generally require a shallower subsidy).

But it is crucial to have some clarity about what is intended by housing being 'affordable' and to resolve any conflicts between the approach of Department of Environment, Land, Water and Planning (DELWP) and Department of Health and Human Services (DHHS) to this issue.

For example, in recent months, DHHS has consulted with the community housing industry on a proposed community housing allocations framework. This allocations framework would require registered housing agencies to allocate 75 per cent of all their housing vacancies to 'priority access' applicants from the Victorian Housing Register. Priority applicants are on the lowest (usually Centrelink only) incomes, and many will also have support needs. This is potentially at odds with DELWP's vision of affordable housing being targeted at a broad range of households.

We urge DELWP to closely coordinate the Framework with the social housing work that DHHS is doing with *Homes for Victorians* to ensure a whole-of-government approach.

## Mechanisms to get us to the target

It is clear that a mix of both mandatory and voluntary requirements (such as the proposed Floor Area Uplift) will be required to achieve whatever target is set. The *Homes for Victorians* initiatives – including the Social Housing Growth Fund and concessional loans, also have an important role to play. As set out in our policy, planning or developer requirements should not be applied in isolation from wider policy and funding supports.

A mandatory inclusionary zoning commitment is required. Currently the Draft Framework (strategy 3.5.1) endorses only a partnership approach between developers, government and the community housing industry. Without a mandatory requirement for all developments, it is unlikely that the voluntary mechanisms and partnerships will deliver on even the modest 6 per cent target.

## Floor area uplift mechanism

CHIA Vic supports the concept that the bonus from allowing greater density on a site should be accompanied by a public benefit delivered in the form of affordable housing held by community housing organisations. CHIA Vic would therefore make the following comments in relation to strategy 3.5.2:

- The Framework should stipulate that the housing is to be transferred to registered housing agencies *free of charge*, as was set out in Amendment C270 to the Melbourne Planning Scheme.
- If affordable housing is (as the Framework states) to be the highest priority public benefit sought, then the responsible authority needs to ensure that a minimum proportion of uplift applications actually do deliver this. Developers may prefer not to deliver affordable housing if they have the option to deliver open space or other community infrastructure instead. CHIA Vic understands that indeed been the early experience under C270.

## Developments on government land

Strategy 3.5.4 calls the identification of potential current and future government sites that would be suitable for affordable housing. As stated in the policy section of this submission, CHIA Vic believes that government land should be subject to a 15 per cent affordable housing requirement. In doing so, government needs to recognise that this will necessarily mean that the part of the social dividend from the sale of the site is delivered in terms of more affordable housing rather than as a sale price.

## ‘Cash-in-lieu’ contributions and a housing trust

There are circumstances where it will be appropriate to enable developers to pay cash rather than dwellings as their contribution to increasing affordable housing. Not all new developments, particularly those with expensive shared amenities, will be suitable for long-term social and affordable housing. However, affordable housing should be integrated into mainstream housing as much as possible. This policy should not be used to create segregated communities through the concentration of social and affordable housing in particular parts of Fishermans Bend.

There should be a transparent mechanism that ensures any cash contribution is invested in affordable housing in the same area. However, proposals to create a Housing Trust for this purpose need careful consideration in light of other state government housing policies to grow the capacity of Victoria’s existing registered housing sector.

The Draft Framework is unclear on whether the Housing Trust is a funding mechanism or an institution to hold assets.

If it is the former, then we would argue that the existing funding and regulatory framework for registered housing agencies should be used instead. Government should also be careful not to overlay additional institutional requirements above and beyond our existing regulatory landscape. There are existing legal mechanisms to ensure that government-funded affordable housing held by registered housing agencies is not sold without the consent of the Director of Housing. These could also be applied to fulfil the same policy objective to ensure that the benefit of funding is locked in for the Fishermans Bend area.

If it is the latter, we would argue that a new institutional form would only serve to split the benefit from the new affordable homes away from building the capacity of the existing associations and providers (also an objective of *Homes for Victorians*).