



Homes for Victorians

Affordability, access and choice



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Premier's foreword



'Home sweet home.'

We hear it all the time. It's because these three small words say so much about why home matters.

More than just a roof over your head, a home provides the foundation to build your life.

But right now, a whole generation are in danger of missing out.

As house prices go up and the number of affordable homes goes down, the Great Australian Dream is looking more and more like fantasy.

And it's not just first home buyers feeling the pinch.

Renters are also running out of options. Many don't have the security they need.

They don't even know where they might be living in a year or two, or where they should enrol their kids at school.

It's tough for Victorians in need too. The waiting lists for social housing keep getting longer, and the number of available properties isn't keeping up.

Housing affordability and access is a national problem – and yet our national government refuses to act.

So we'll help where they won't.

Through *Homes for Victorians* we'll make it easier for first home buyers.

We'll make renting more secure. We'll make planning simpler. We'll make social housing better.

And we'll help make sure more Victorians have more opportunity to find their home.

**The Hon Daniel Andrews MP
Premier of Victoria**

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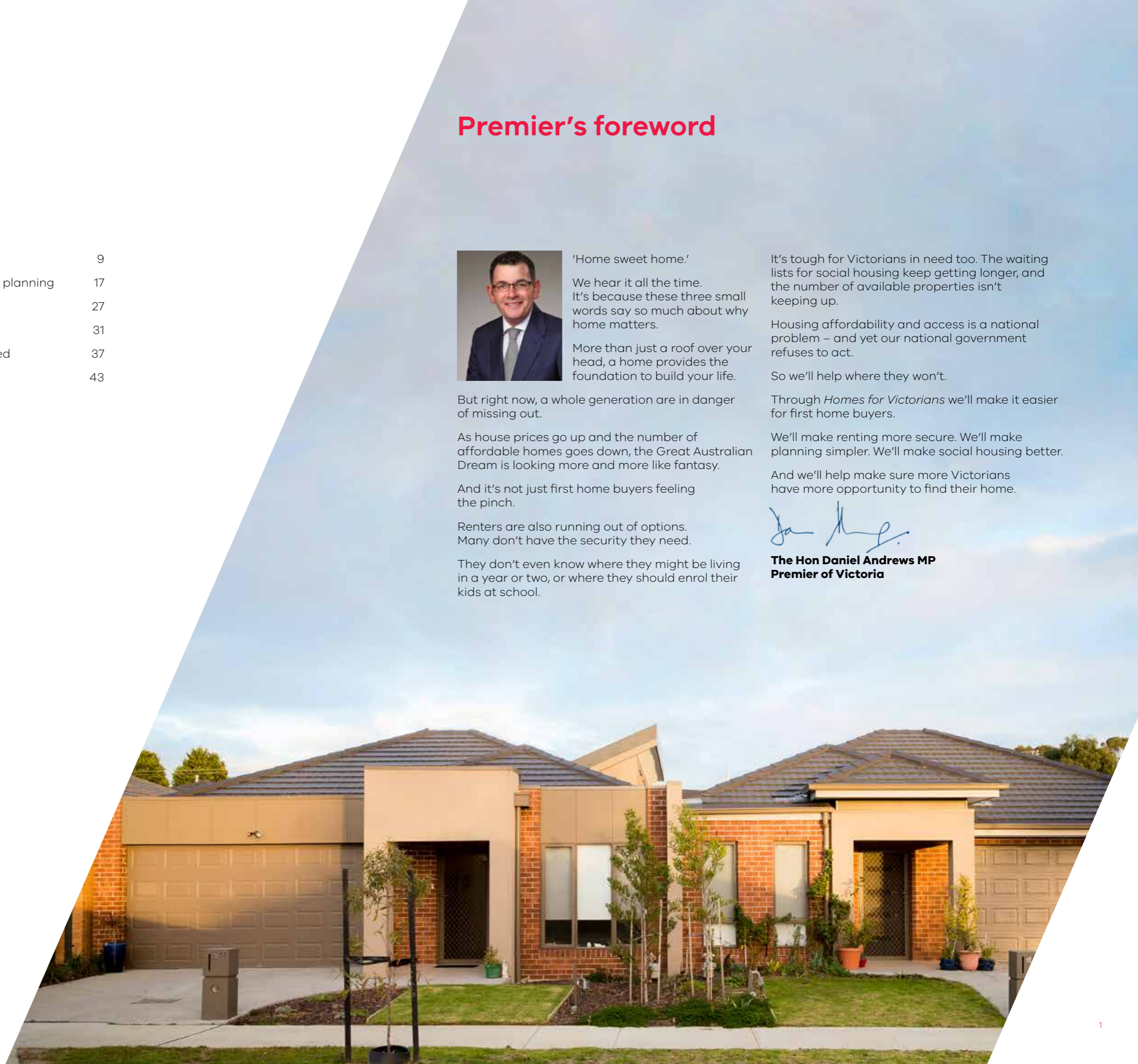
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Unlocking the housing market

Every Victorian deserves the safety and security of a home.

But for many, that's becoming increasingly harder.

A significant number of Victorians, particularly young Victorians, are struggling to break into the housing market.

House prices are rising and upfront costs – a deposit, stamp duty and fees – quickly add up.

It's getting harder for renters too.

Many struggle to meet high rental prices, or instead choose to live in unsuitable housing. Some don't have the security they need, or the capacity to personalise their home as they would like.

At the same time, the number of Victorians who need to access public and community housing is growing. Waiting lists are long, and many of our existing homes have fallen into disrepair.

In short, too many Victorians don't have a real choice about where they live, or the type of home they live in.

And as our population grows, inaction will only make things worse.

Fixing this problem isn't simple.

It's why *Homes for Victorians* provides a coordinated approach across government, and across our state. It includes:

- » abolishing stamp duty for first time buyers on homes up to \$600 000, and cuts to stamp duty on homes valued up to \$750 000;
- » doubling the First Home Owner Grant to \$20 000 in regional Victoria to make it easier for people to build and stay in their community;
- » creating the opportunity for first home buyers to co-purchase their home with the Victorian Government;
- » making long-term leases a reality; and
- » building and redeveloping more social housing – supporting vulnerable Victorians while creating thousands of extra jobs in the construction industry.

It builds on existing work being done, including the soon to be released *Plan Melbourne 2017-2050*, reform of the *Residential Tenancies Act 1997*, the *Better Apartment* guidelines and the Family Violence Housing Blitz.

It also builds on our efforts to better connect Victorians with services and infrastructure. From schools to health care, roads to public transport, regardless of where they live, every Victorian should have access to the things they need.

It's a big job, but the aim is simple: to give every Victorian every opportunity to find a home.

The national perspective

It's undeniable that house prices and rental costs are influenced by taxation, population, and income support policies – all controlled by the Commonwealth Government.

Currently, Commonwealth tax policies like negative gearing and capital gains concessions benefit investors and not first home buyers. As a result, buying your first home is harder than ever before. The Victorian Government believes there can, and should be, a better balance for people looking to buy a home.

The Commonwealth Government should also commit to fairer and longer term funding for social housing and homelessness services across Australia.

The number of people facing homelessness is growing across every Australian state. Here in Victoria, requests for assistance have increased to more than 100 000 per year in the past four years.

This problem has been made worse by the Commonwealth Government funding cuts and uncertainty. This includes cutting the National Rental Affordability Scheme early and uncertainty around the future of the National Partnership Agreement on Homelessness, as well as the Commonwealth's failure to commit to long-term funding for local services.

The Victorian Government is committed to working in partnership with the Commonwealth Government to increase social housing stock and boost homelessness services.

We will also continue to fight for greater certainty and security when it comes to homelessness and the National Affordable Housing Agreement.

But critically, we need the Commonwealth to come to the table with a substantial reform package.

Housing in Victoria

The Victorian Government is willing to play its part to make homes more affordable and more accessible.

This includes helping people to buy their first home, increasing housing supply, creating a more stable rental market, upgrading social housing and improving services for Victorians looking for a home.

Our tax settings and supports, including the First Home Owner Grant, influence people's decisions and impact the housing market.

We're also directly responsible for the delivery of social housing, ensuring our planning system supports appropriate growth, and regulating tenancy laws and estate agencies.

All of this makes a real difference in how Victorians access and afford a home.

At the same time, this strategy recognises that there are many pieces to this puzzle.

It requires collaboration from local government, developers and builders, investors, real estate agents, owners, tenants and not-for-profit organisations.



Homes For Victorians Initiatives

1. Supporting people to buy their own home	2. Increasing the supply of housing through faster planning	3. Promoting stability and affordability for renters	4. Increasing and renewing social housing stock	5. Improving housing services for Victorians in need
<p>1.1 Abolishing stamp duty for first home buyer purchases under \$600 000 and phase in for purchases up to \$750 000</p> <p><i>\$851 million over four years*</i></p>	<p>2.1 Planning for Victoria's growth</p> <p><i>Funded within existing resources</i></p>	<p>3.1 Reform of the Residential Tenancies Act 1997</p> <p><i>Funded within existing resources</i></p>	<p>4.1 Victorian Social Housing Growth Fund</p> <p><i>\$1 billion capital fund*</i></p>	<p>5.1 Moving homeless Victorians to stable housing</p> <p><i>\$109 million over five years</i></p>
<p>1.2 Doubling the First Home Owner Grant in regional areas</p> <p><i>\$50 million over four years*</i></p>	<p>2.2 Increasing development opportunities in the inner and middle suburbs</p> <p><i>Funded within existing resources</i></p>	<p>3.2 Supporting households to sustain long-term housing</p> <p><i>\$33 million over two years</i></p>	<p>4.2 Building more social housing and redeveloping ageing supply</p> <p><i>Redevelopment of public housing estate program – \$201 million over four years</i></p> <p><i>Social housing pipeline – \$140 million over four years</i></p>	<p>5.2 Towards Home - rough sleeping package</p> <p><i>\$10 million over two years*</i></p>
<p>1.3 Shared equity opportunities for first home buyers</p> <p><i>HomesVic – \$50 million equity; \$3 million operating over four years*</i></p> <p><i>National Affordable Housing Consortium grant – \$5 million in 2017-18*</i></p>	<p>2.3 Land supply in Melbourne's growth corridors – 100 000 extra lots</p> <p><i>Funded within existing resources*</i></p>	<p>3.3 Making long-term leasing a real option for Victorians</p> <p><i>\$1 million over four years*</i></p>	<p>4.3 Financial backing for the community housing sector</p> <p><i>Loan guarantee – \$1 billion over six years*</i></p> <p><i>Loan facility – \$100 million*</i></p> <p><i>Implementation costs – \$2 million in 2016-17*</i></p>	<p>5.3 Family Violence housing measures</p> <p><i>\$152 million over three years</i></p>
<p>1.4 Housing for first home buyers in key precincts</p> <p><i>Funded within existing resources*</i></p>	<p>2.4 Inclusionary housing to increase the supply of social and affordable housing</p> <p><i>Inclusionary housing pilot program operating costs – \$1 million over three years*</i></p> <p><i>Inclusionary housing in major developments – \$7 million over four years*</i></p>	<p>3.4 Residential parks</p> <p><i>Funded within existing resources</i></p>	<p>4.4 Increasing the capacity of the community housing sector</p> <p><i>\$3 million in 2017-18*</i></p>	<p>5.4 Rooming houses</p> <p><i>\$30 million over three years**</i></p>
<p>1.5 Rebalancing the market between investors and home buyers</p> <p><i>Making the off-the-plan concession fairer – \$841 million over four years (revenue)*</i></p> <p><i>Introduce a Vacant Residential Property Tax – around \$80 million over four years (revenue)*</i></p>	<p>2.5 Speeding up local government planning decisions</p> <p><i>\$21 million over four years**</i></p>	<p>3.5 Better Apartments guidelines</p> <p><i>Funded within existing resources</i></p>	<p>4.5 The Victorian Housing Register</p> <p><i>Funded within existing resources</i></p>	<p>5.5 The Victorian Property Fund</p> <p><i>\$100 million over four years**</i></p>
<p>1.6 Reforms for a fairer real estate market</p> <p><i>Funded within existing resources</i></p>	<p>2.6 Smarter planning for permits</p> <p><i>\$29 million over five years**</i></p>	<p>* New initiative since 2016-17 Budget Update</p> <p>** Initiative includes supplementary funding since 2016-17 Budget Update</p>		



Homes for Victorians – Economic impact

Homes for Victorians is about making it easier for Victorians to find a home.

Economic modelling, commissioned by the Victorian Government and carried out by SGS Economics and Planning and Cadence Economics, shows these initiatives will also be a welcome boost for our economy and create thousands of new jobs in the construction sector.

Overall, the modelling indicates that these initiatives could add more than \$3.7 billion in net present value to Victoria's economy.

This increased construction activity will also deliver a boost of around 50 000 construction sector jobs over the next four years.

FIGURE 1: CONTRIBUTION OF HOMES FOR VICTORIANS TO ECONOMIC GROWTH (\$ thousand)

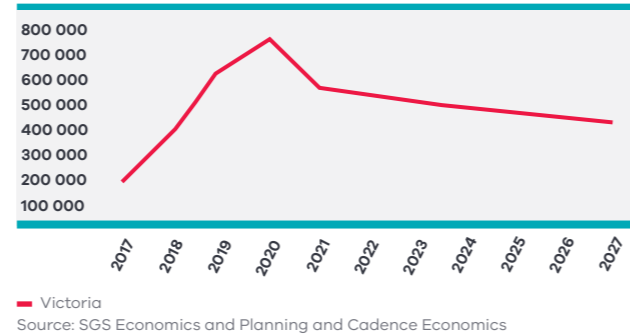


FIGURE 2: IMPACT OF HOMES FOR VICTORIANS ON CONSTRUCTION SECTOR JOBS



What do we mean by affordable housing?

Throughout this strategy the terms 'affordable housing', 'public housing', 'community housing' and 'social housing' are used frequently. Each has a different meaning.

Industry and housing groups alike have been keen for the Government to provide a specific definition of how these terms are to be interpreted in future agreements.

While these definitions are broad enough to enable innovation, they should also provide greater clarity and understanding.

Affordable 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.

Public Housing

Housing owned and managed by the Director of Housing. The Government provides public housing to eligible disadvantaged Victorians including those unemployed, on low incomes, with a disability, with a mental illness or at risk of homelessness.

Community Housing

Housing owned or managed by community housing agencies for low income people, including those eligible for public housing. Community housing agencies are regulated by the Government.

Social Housing

Social housing is an umbrella term that includes both public housing and community housing. Its provision usually involves some degree of subsidy.



1.

Supporting people to buy their own home

Abolish stamp duty for first home buyers for purchases up to \$600 000 and taper the rate for purchases between \$600 000 and \$750 000

Establish *HomesVic*, a new shared equity scheme to help first home purchasers who are eligible for a bank loan but need help with a deposit

Balance the market between investors and home buyers by making the 'off-the-plan stamp duty concession' fairer and introducing a land tax on vacant residential properties

Buying your own home is the Great Australian Dream. But for some, especially first home buyers, younger and lower income households, that's getting harder.

Many potential home owners are being locked out of the market by growing competition and the upfront costs associated with purchasing a home – the need for a deposit, stamp duty payments and other fees. This means owning a home is increasingly becoming a distant dream for many Victorians.

Recent data shows the problem is growing. Median house prices in Melbourne have risen by over 40 per cent since 2012. Metropolitan Melbourne house prices have risen to \$610 000 and unit prices to \$490 000 for the June Quarter 2016. Melbourne continues to have the highest home prices after Sydney.

From 2005 to 2015, the median sale price of housing across regional Victoria increased 49 per cent, from \$206 000 to \$307 500. At the same time unit prices in regional Victoria rose 32 per cent, from \$190 000 to \$251 000.

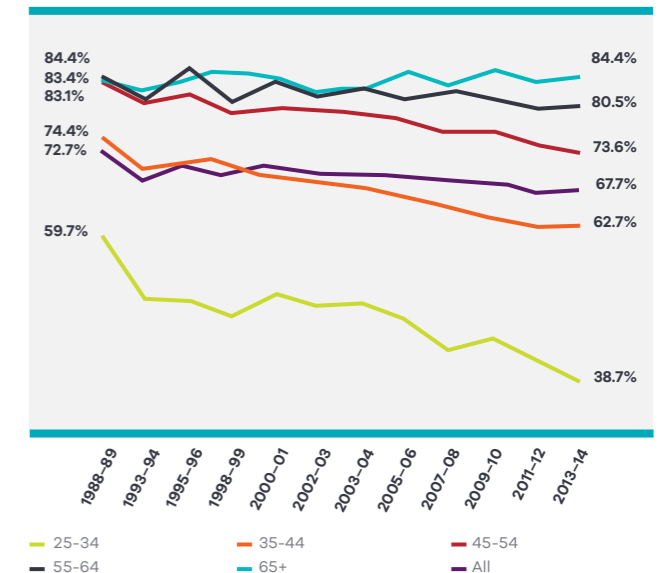
These increases are having a real impact on the ability of Victorians to buy a home. From 1994-95 to 2013-14, home ownership rates dropped from 76 per cent to 69 per cent of Victorian households.

The price growth is having the biggest impact on our young, with the decline in home ownership rates steepest among Victorians aged 25 to 34.

It's not surprising, given that first home buyers are also competing with those buying investment properties. The Commonwealth Government's tax policies make it even harder, with negative gearing and capital gains tax rules benefiting investors over home buyers.

Homes for Victorians aims to shift some of the balance back to first home buyers.

FIGURE 3: THE DECLINE IN HOME OWNERSHIP BY AGE GROUPS



Source: Special request tabulations from Census data; updated by Associate Professor J. Yates

1.

We will help more first home buyers get into the market sooner

1.1. Abolishing stamp duty for first home buyer purchases under \$600 000

Buying your first home is getting harder. House prices are rising and the upfront costs – a deposit, stamp duty and fees – can be a huge hurdle.

To help first home buyers, we'll completely abolish stamp duty for both new and existing properties under \$600 000. First home buyers purchasing a property between \$600 000 and \$750 000 will also receive a tapered discount.

With an average saving of around \$8 000, it will give first home buyers an advantage, and more money to put towards the purchase of their home.

This measure will help more than 25 000 people each year at a time when they need it most.

It's all about putting first home buyers on a level playing field with investors.

These savings are in addition to the existing First Home Owner Grant, and will cost an estimated \$851 million over the next four years. These changes will apply from 1 July 2017.

Young farmers will continue to be eligible for Victoria's unique stamp duty concession on the purchase of their first farm – a concession only available in Victoria.

Example 1:

Jon and Anne are first home buyers purchasing a new two-bedroom house in the western suburbs of Melbourne for \$575 000. **They would have paid \$14 785 in stamp duty**, partly offset by their First Home Owner Grant. Under the Government's proposal **they will pay no stamp duty at all** – allowing them to put their savings towards paying off their new home.

Example 2:

Rashid and Emma are first home buyers purchasing an existing townhouse in the middle suburbs of Melbourne for \$650 000. **They would have paid \$34 070 in stamp duty**, equivalent to more than 5 per cent of their home value. Under the Government's proposal, their stamp duty will be reduced to \$11 357 **saving the couple \$22 700.**

FIGURE 4: ADDITIONAL STATE ASSISTANCE FOR FIRST HOME BUYERS

Home value	Current assistance* (new homes)	New savings on stamp duty	Metro Melbourne Total: FHOG plus stamp duty savings	Regional Victoria Total: FHOG plus stamp duty savings
\$300 000	\$15 685	\$5 685	\$21 370	\$31 370
\$400 000	\$18 185	\$8 185	\$26 370	\$36 370
\$500 000	\$20 985	\$10 985	\$31 970	\$41 970
\$600 000	\$25 535	\$15 535	\$41 070	\$51 070
\$700 000	\$10 000	\$12 357	\$22 357	\$32 357

* First Home Owner Grant (FHOG) is applicable to first home buyers of new homes up to \$750 000.

* Before *Homes for Victorians*, first home buyers were eligible for a 50 per cent stamp duty concession for homes up to the value of \$600 000.

1.2 Doubling the First Home Owner Grant in regional areas

We want to make it easier for young people in regional Victoria to buy and live in their community. It's why the Government will double the First Home Owner Grant for new homes to \$20 000, commencing 1 July 2017 (and applying for a three year period).

This will help these first home buyers save more for their deposit and give them more to put towards their purchase of a new home in regional Victoria.

It's good for those trying to buy in their community or moving to regional Victoria, and it's good for jobs too.

Incentivising first home buyers to build in the regions will mean more jobs for regional Victoria.

At the same time, we want to make sure people in regional Victoria have the same opportunities as everywhere else.

We're boosting V/Line and regional buses, upgrading local roads and building more schools and hospitals.

Example 3:

Brad and Ying are looking at buying a new home in Ballarat as their first home purchase. The home is worth \$400 000. **Previously the couple would have paid \$8 185 in stamp duty.** However, under the new arrangements, **they will no longer pay stamp duty at all.**

Additionally, **as a result of the doubling of the First Home Owner Grant they will receive \$20 000 to help pay off their home.**

1.

1.3 Shared equity opportunities for first home buyers

It can be hard for many renters to save enough for a house deposit. Instead of saving, they're putting everything they have towards meeting rising rental costs.

It's why the Victorian Government will offer to co-purchase properties with 400 first home buyers who meet the criteria for a bank loan, but lack a big enough deposit.

By taking an ownership stake, the Government will help give these first home buyers the start they need. The pilot scheme will be introduced from 1 January 2018 with an initial allocation of \$50 million over two years.

The scheme, *HomesVic*, will apply to both existing and new homes, and will be administered through State Trustees, which has the necessary financial licences.

HomesVic will take an equity share of up to 25 per cent and eligibility will target applicants with incomes of up to \$75 000 for singles, or up to \$95 000 for couples or families. Buyers will need to have a 5 per cent deposit.

When the properties are sold, *HomesVic* will recover its share of the equity and reinvest it in other homes.

Example 4

Jack works in a bank earning \$65 000 a year. He has been saving to buy his first home, but has been unable to scrape enough money together for a deposit.

Jack applies to *HomesVic* and, with its assistance, he is able to buy a property valued at \$460 000.

For Jack to avoid paying Lenders Mortgage Insurance on this property, he would need to save a deposit of \$92 000. Instead, *HomesVic* takes a 25 per cent equity stake of \$115 000, with Jack paying a 5 per cent deposit of \$23 000 – a quarter of what he would otherwise have needed to save.

It means Jack only needs to take out a loan of \$322 000 on the property, making his repayments around \$1900 a month – significantly lower than they would have been.

Buy Assist – community shared equity scheme

The State Government will separately contribute \$5 million to bring a national, community sector, shared equity scheme, *Buy Assist* to Victoria.

Run by the National Affordable Housing Consortium, it will assist low to medium income, waged employee households to get a foothold in the property market. It has similar eligibility criteria and a requirement for bank loan eligibility.

The Government's contribution to this scheme is expected to help deliver up to 100 shared equity homes in Victoria.

Buy Assist is similar in principle to the *HomesVic* scheme, but is based on a private sector model built around partnerships with developers.

As such, it will complement the *HomesVic* scheme, giving Victorians yet another opportunity to buy their own home.

1.4 Housing for first home buyers in key precincts

For many first home buyers, rising prices are forcing them to look at properties further and further from the city.

But under our changes, first home buyers will be given unrivalled opportunity to buy in the inner city.

The Government will introduce a new approach to help first home buyers purchase in urban renewal precincts, setting a target that at least 10 per cent of all properties in government-led developments will be prioritised for first home buyers.

A good example of how this could work is in the development of Melbourne's Arden precinct. Last year the Government unveiled a new plan to develop Arden. The 56-hectare site is hoped to home up to 15 000 people. The Government will now look at how it can give preferential treatment to first home buyers in the development of this new precinct.

In addition, we will consult with first home buyers, industry and the community about the design and implementation of measures to preferentially support first home buyers in private developments, especially those close to jobs and transport. We are committing to a clear framework for voluntary arrangements that give developers an opportunity to develop affordable housing in a viable way.



1.5 Rebalancing the market between investors and home buyers

Making off-the-plan fairer

The current off-the-plan stamp duty concessions mean the beneficiaries only pay stamp duty on the value of their land, before construction begins. This is a considerable saving compared to buying once the homes are built. It is particularly attractive for apartments.

Victoria is the only state to offer such a broad concession.

And while it's great for those who purchase property to build their future home, it also gives investors an unfair advantage.

To make sure that genuine home buyers are getting the subsidy, this concession will now only be available to home buyers who intend it to be their principal place of residence or who qualify for the first home buyer stamp duty concessions.

This initiative will apply to contracts entered into from 1 July 2017.

This measure will tilt the scales away from investors and back toward first home buyers.

This change is expected to reduce the amount paid as subsidies by \$841 million over the next four years. This saving will be used to fund changes to stamp duty for first home buyers.

Vacant Residential Property Tax

As the lack of supply drives up prices, it's frustrating for renters and first home buyers to see the number of properties being left empty. Too many of these properties are being held by investors, happy to leave them vacant and accumulate capital gains instead.

A new Vacant Residential Property Tax will provide an incentive to reduce the high number of houses and apartments being left vacant in the inner and middle ring of Melbourne.

It will mean increased housing supply and less pressure on house and rental prices, by encouraging landlords to offer their vacant properties for rent or sale.

The new Vacant Residential Property Tax will be levied on dwellings that are vacant for more than a total of six months in a calendar year.

The applicable tax rate will be 1 per cent of the property's capital improved value, and tax liabilities will be triggered on a calendar year basis – as with land tax.

In the first instance, it will be based on self-assessment with subsequent enforcement action being taken by the State Revenue Office on the basis of publicly available information.

The tax will be triggered on 1 January 2018. The transition arrangements for 2017 will be subject to consultation.

There will be a number of practical exemptions applied, recognising there are some legitimate reasons for a property being left vacant.

These include properties used as holiday homes by those with a separate principal place of residence, those who need a city unit for work purposes, deceased estates, and homes owned by Victorians who are temporarily overseas.

The design of this tax and the exemptions to be provided will be the subject of consultations with the property sector over the next two months.

This initiative is expected to raise around \$80 million over the next four years, with the aim of freeing up properties that are currently vacant and lowering rents.

1.6 Reforms for a fairer real estate market

Ask any potential home buyer: underquoting is unfair. You find your dream home, only to discover it sells for thousands more than the asking price.

It's a waste of time and money for anxious home seekers – and we want to stamp it out.

It's why we've passed new legislation to end underquoting in the real estate industry.

These reforms are backed by the Real Estate Institute of Victoria.

The new laws require agents to provide prospective buyers with an information sheet setting out the price of three recent comparable sales, an indicative selling price, and the median price for the suburb.

The new laws will also mean:

- » advertising price ranges of more than 10 per cent are banned;
- » words or symbols in advertising such as 'offers above', 'from' or '+' are banned;
- » advertising must be promptly updated if the seller rejects a written offer to purchase, or the agent's price estimate changes;
- » agents found guilty of underquoting could lose their sales commissions; and
- » agents have to prove on request from Consumer Affairs Victoria how they arrived at the estimated price.

Real estate agents caught underquoting will face hefty penalties of more than \$31 000.



2.

Increasing the supply of housing through faster planning

Ensure housing accommodates population growth by facilitating more than 50 000 extra new homes being built each year

Increase development opportunities in the inner and middle suburbs

Add zoned land for another 100 000 lots in the growth corridors to maintain a 15-year supply of land for new developments

Introduce inclusionary housing obligations on surplus government land through a pilot

Develop new planning tools to increase the supply of affordable housing

Streamline planning approvals to reduce costs and uncertainty for developers and target around a four month supply of lots on the market

As our population grows, we need to make sure our housing supply continues to grow too. Even more, these new homes need to be connected to jobs, education and public transport.

We also can't afford to be held back by planning delays.

With Victoria's population growing at more than 100 000 people a year, we need more houses being built to keep up. Housing approvals are currently running at record levels and this strategy aims to keep them at an average of more than 50 000 new homes a year.

But planning uncertainty, as well as the time and costs of obtaining planning approval, limit the supply of available new homes and, in doing so, drive up prices. Unnecessarily slow approvals by councils and utilities delay developers and also drive up costs.

To address this issue, the Government will make a number of changes including speeding up development approvals in the inner and middle suburbs, zoning more growth corridor land for future development, speeding up planning approvals for new subdivisions, and addressing current planning backlogs.

Smarter planning and faster approval is a win-win for developers and home buyers alike, and ensures more competitive pressure on prices.

The Government will also introduce inclusionary housing requirements through a pilot program, involving the sale of surplus government sites with a requirement that a certain proportion of social housing is delivered as part of the new development.

2.

We will provide more choices about how and where we build our homes

2.1 Planning for Victoria's growth

Plan Melbourne 2017-2050

If Melbourne is to continue to be the most liveable city in the world, we need a plan.

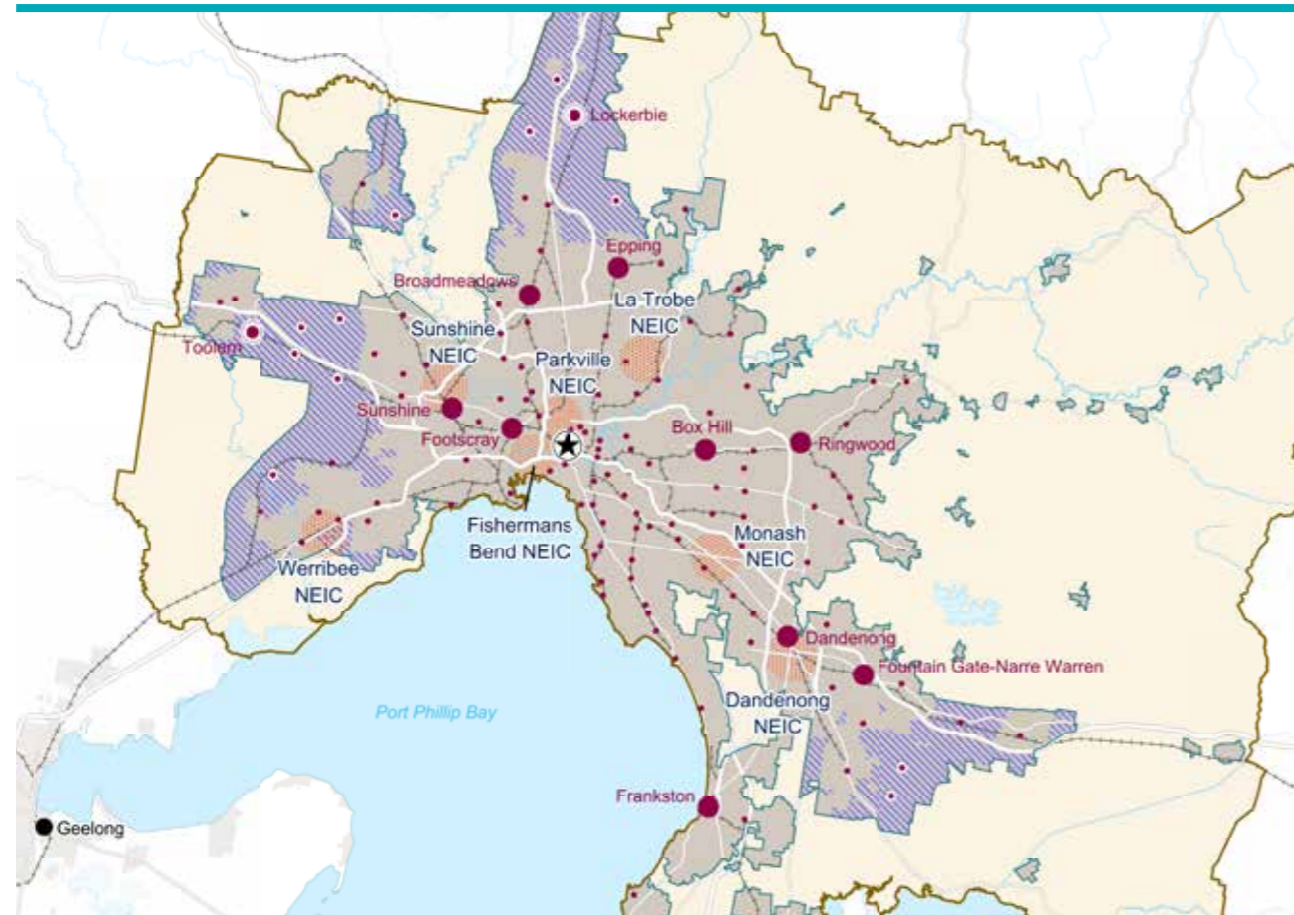
The updated *Plan Melbourne 2017-2050* will provide a clear framework that encourages affordability and access, and ensures Melbourne grows in the right places. This includes focusing growth in the central city, activity centres, urban renewal areas and the outer urban growth areas.

This will give communities, developers and infrastructure providers greater clarity about where growth is being preferred, and where and when services are needed.

The urban growth boundary will be maintained to ensure that sprawl is contained. Sequenced development of greenfield areas will also mean new communities have the infrastructure and services they need as they develop.

Reform of residential zones will protect neighbourhood character, while facilitating appropriate development in targeted areas. Activity centres and commercial zones that are close to transport, schools and hospitals, will attract more residential and employment development.

FIGURE 5: MAP OF PLAN MELBOURNE ACTIVITY CENTRES AND GROWTH AREAS



Regional Growth Plans

It's not just Melbourne that is growing – we also need a plan for our regions.

Because no two areas are the same, it's vital that these plans reflect the needs of local communities.

It's why growth in regional Victoria will be guided by Regional Growth Plans, providing direction for land use and development.

The Victorian Planning Authority (VPA) will work closely on planning regional growth with councils and the Regional Partnerships, which bring together local stakeholders, businesses and community leaders.

One of the goals will be to release more land in Victoria's regional cities, and attract jobs and investment.

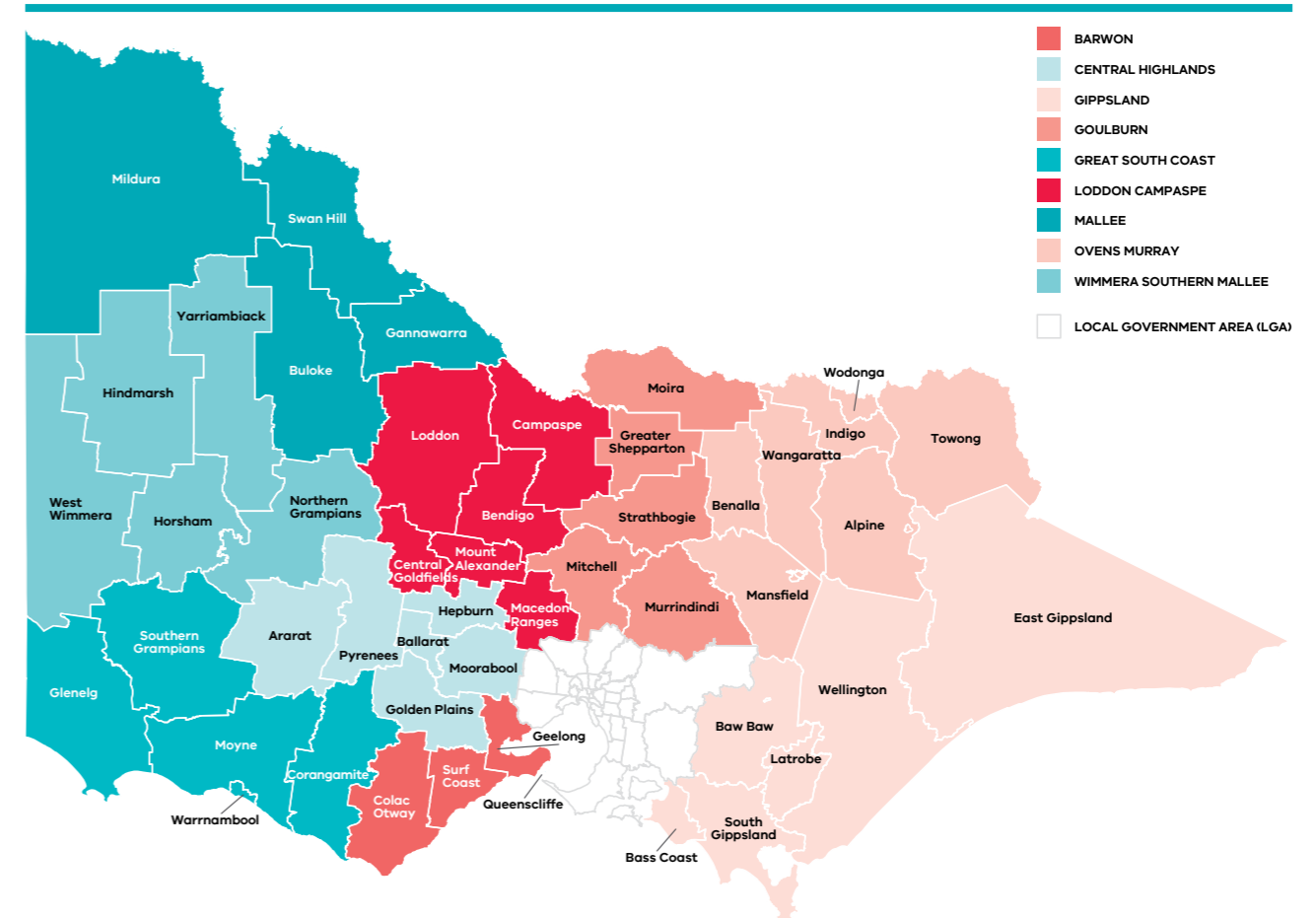
Plans are well advanced in a number of key regional growth areas.

Additional funding is being provided to regional councils through the 'Streamlining for Growth' program (see section 2.5).

Precinct Structure Plans (PSPs) have recently been completed for new housing areas in Moe, Drouin and Warragul and work is underway in Torquay, Shepparton and Wodonga totalling more than 36 000 additional lots.

This planning approach will see housing, jobs, transport and community facilities develop in a coordinated fashion – when and where they are needed.

FIGURE 6: MAP OF NINE REGIONAL PARTNERSHIPS





Housing in the right places

It is critical that new homes are being built in areas close to jobs, transport and community services.

But over the past decade, there has been a substantial increase in the time Victorians are spending getting to and from work.

That's why at the last election we promised to prioritise the transport and infrastructure Victorians need, and to take a more careful, considered approach to how and where we develop.

It goes to the heart of *Plan Melbourne* – curbing urban sprawl and ensuring new communities are well planned, and existing communities increase in density without losing any liveability.

It's also why the Government has prioritised a number of significant transport projects, including the Metro Tunnel – which will link the growth areas to the job centres of Sunshine, Arden, Domain, Monash and Dandenong.

The Western Distributor will provide a desperately needed second river crossing, while the removal of 50 of our most dangerous and congested level crossings and a massive investment in regional V/Line services will help Victorians get home sooner.

Planning for future improvements to our transport system to connect Victorians to work, education and their community is a key challenge. After extensive consultation, Infrastructure Victoria has provided a range of priorities and possibilities to government. The Government will respond later this year.

2.2 Increasing development opportunities in the inner and middle suburbs

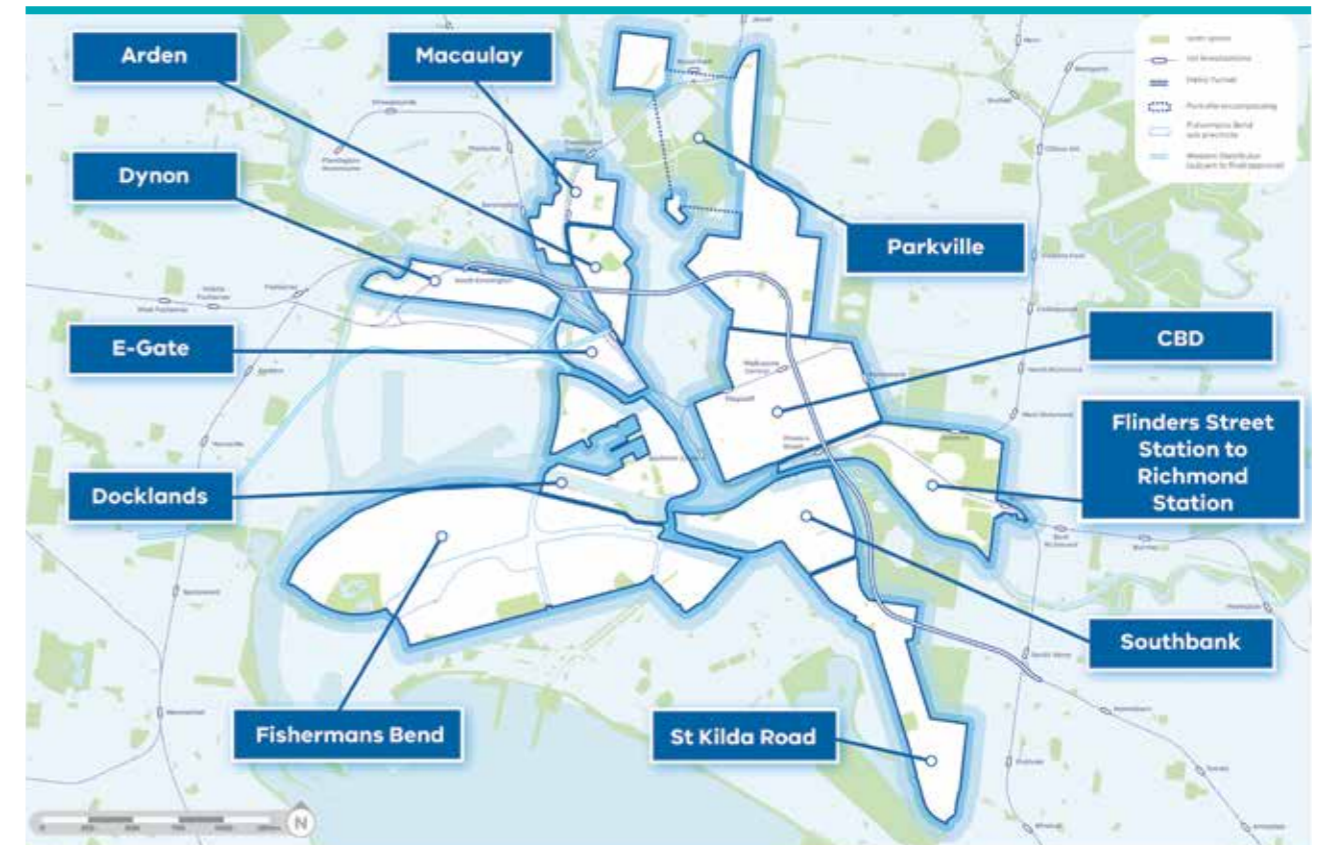
With limited space, we need to think more about how we use the land we do have. *Plan Melbourne* sets out the principles and planning rules that need to be applied.

Active planning is underway to make better use of land no longer required for its previous industrial land use. These new precincts include Fishermans Bend, Docklands, and Arden. The Government is currently developing plans for each of these precincts.

This will mean more land available for more Victorians to make their home.

The Metro Tunnel provides the opportunity to connect growth areas in Melbourne's west to the growing knowledge workforces and residential communities in Docklands and the Arden precinct as well as established areas including Parkville and the CBD, and existing communities in North Melbourne and West Melbourne.

FIGURE 7: MAP OF INNER MELBOURNE'S GROWTH PRECINCTS



2.

2.3 Land supply in Melbourne's growth areas – 100 000 extra lots

More and more people are calling Melbourne's growth areas home.

As they expand, these communities need jobs, schools, hospitals, public transport, roads and social housing. And government needs to be ready.

Delivery of this infrastructure must be closely linked to the release of lots and the construction of homes.

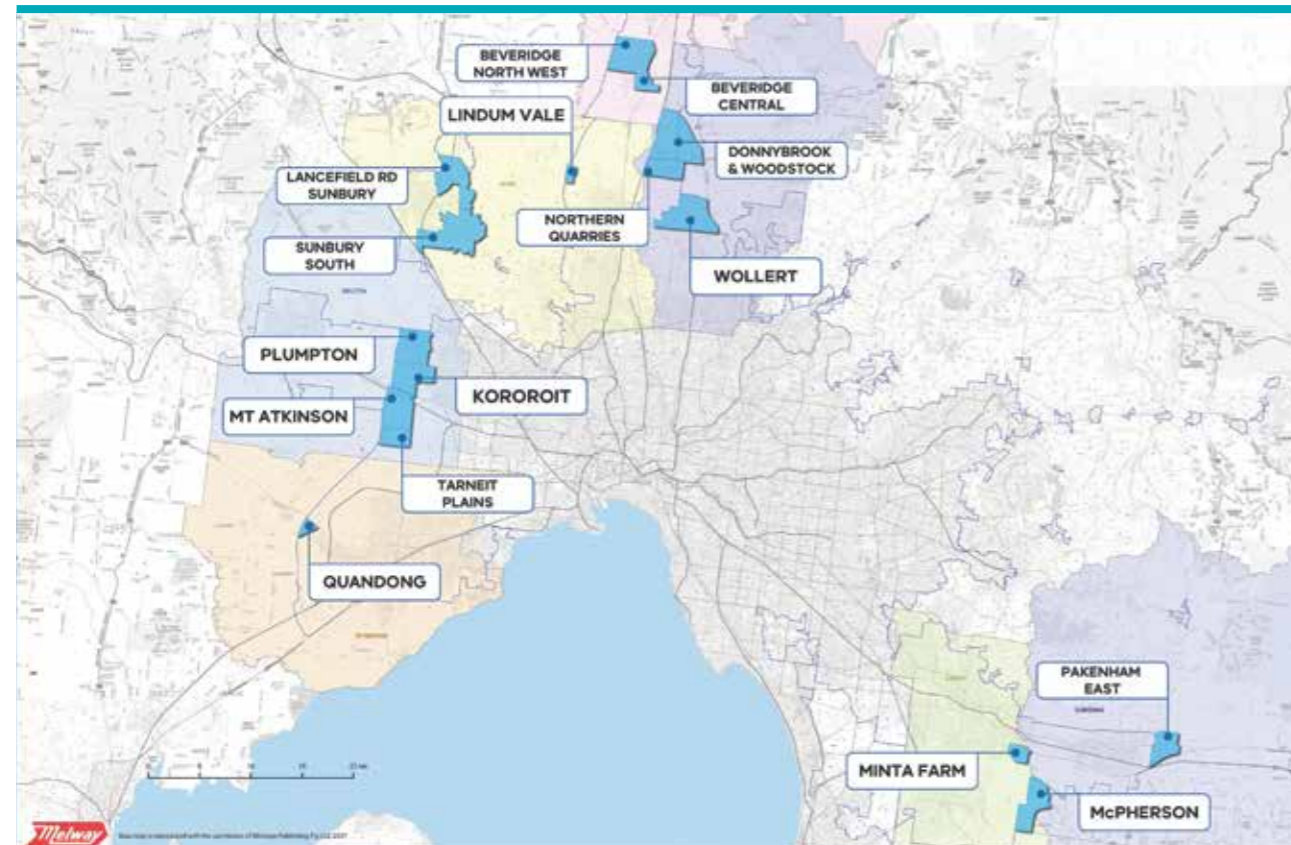
To make sure this occurs, the VPA is developing PSPs to provide an overall plan for each of these new suburbs. These spell out exactly what services and infrastructure each of these growing communities will need and how they will be delivered.

Currently, the land zoned for development will accommodate some 200 000 lots – or enough for about 10 years' supply.

A further 17 residential PSPs, each with a plan for delivering local jobs, transport, schools, parks and community facilities, are being developed.

These plans will deliver an extra 100 000 lots of zoned land by December 2018. This ensures private industry has a clear idea of how a pipeline of available land will be released over the coming decades, and the sequence in which development will occur. The PSPs to be completed by the VPA over the next two years are shown in Figure 8.

FIGURE 8: MELBOURNE'S NEW SUBURBS



Pakenham East (Deep Creek), Cardinia and Quandong, Wyndham are led by local council

2.4 Inclusionary housing to increase the supply of social and affordable housing

Inclusionary Housing pilot program

We need to be smarter with the land we have available.

To make the best of what we have, the Government will undertake an Inclusionary Housing pilot on surplus government land, delivering up to 100 new social housing homes. It's a new and innovative way to think about housing.

Surplus government land is often located in areas with good access to jobs and transport. But as this land is no longer required for government needs, it can be put to market for housing.

To make sure Victorians in need aren't being left behind, the Government is prepared to discount the price of this land, in return for a proportion of social housing.

Facilitated through the Fast Track Government Land Service, the focus will be on delivering planning certainty including rezoning and development potential, and establishing partnerships with private sector developers to deliver new social housing.

Proposals will be evaluated to make sure they deliver best value for money, and the best options for social housing.

In return, developers will get an appropriate discount on the purchase price of the land.

Sites most likely to be appropriate will be vacant government land in areas where people want to live.

Each site will have a concept plan prepared and a panel process undertaken to consider the appropriate rezoning. This will include considering whether any part of the site should be retained for open space – either purchased by local council or delivered through open space contributions under the concept plan.

Funding of \$1.3 million is allocated to enable concept plans for each site and a framework financial agreement.

The first sites are expected to be put to market by the end of 2017 with a view to construction commencing before the end of 2018. A further pipeline of projects will be identified by Land Use Victoria, Development Victoria and VicTrack.

Inclusionary housing in major developments

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;
- » 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.

2.

Fast tracking social housing redevelopments

Too many people in need of social housing are being left too long on waiting lists. It simply isn't good enough that those waiting times are made worse because of planning delays.

To ensure project costs are minimised and delays for public housing projects are avoided, \$500 000 has been allocated to improve the approvals process.

The redevelopment of public housing estates will be the first implementation priority for streamlined planning approvals. This will be facilitated by consideration of social housing redevelopments through an advisory committee process.

This new approach will ensure that good design, public consultation and consistent decision making result in timely delivery of social housing projects.

Underutilised government land

Underutilised and surplus government land will be identified with a further \$1.9 million allocated to the new Land Use Victoria.

Using the Fast Track Government Land Service, these funds will ensure changes to the planning provisions for government land are streamlined.

Under this process, the independent Government Land Standing Advisory Committee examines proposals that are referred to it by the Minister for Planning, and calls for public and local council submissions on the future potential of each site.

The advisory committee then provides recommendations to the Minister, including advice on future zoning, consistent with Plan Melbourne's objectives.

To date, this fast track process has been successful in freeing up land supply and cutting months off the traditional planning scheme amendment process. With this extra investment, a future pipeline of potential sites for the Inclusionary Housing pilot will be generated, ensuring Victorians are getting the most from publicly owned land assets.

2.5 Speeding up local government planning decisions

Victorians wanting to buy or build their own home shouldn't be held back by unnecessary planning delays.

Delays can also add significant amounts of time to new projects, which slows supply and adds costs.

These delays are often caused by lengthy approval times for subdivision plans, local roads, drainage, water, energy and telecommunication services. The *2016-17 Budget* allocated \$4.2 million to support local councils to reduce delays in these approvals.

This pilot program has made significant progress with 37 projects being funded to streamline subdivision processes, unlock strategic development sites and speed up applications in growing areas in Melbourne and regional Victoria.

This saves builders and developers a lot of wasted time and helps families who are waiting for affordable land to come onto the market.

A pipeline of lots for sale will also ensure a competitive market for residential land, keeping homes affordable and helping promote jobs growth. The target is to have around four months supply of lots in the market to ensure competitive pricing.

To build on this success, the Streamlining for Growth program will now be extended to four years, with a further \$16.5 million allocated to help accelerate the planning and approvals process. This initiative will further reduce delays and unlock new land for development.

This includes a \$4 million investment to speed up the rezoning of strategic sites within existing suburbs. This will open up housing land in the areas people most want to live and that has remained undeveloped for too long.

2.6 Smarter planning for permits

The *2016-17 Budget* also included a \$26 million investment over four years for 'Smart Planning' reforms to make Victoria's planning processes faster and simpler.

Through the Smart Planning reforms, an online 'one-stop planning shop' will be created with thousands of planning scheme maps converted to digital form to make them more accessible.

Waiting times for planning scheme amendments will also be reduced through the introduction of an online amendments system and a more efficient amendment process.

Our target is to fast track 30 per cent of permits through the extended VicSmart program with a 10-day turnaround. The first tranche of reforms was recently announced.

Additional applications that will now be assessable under VicSmart include:

- » a single-storey extension to a single dwelling where specific design criteria are met;
- » buildings and works up to \$100 000 in residential zones, where not associated with a dwelling;
- » building and works up to \$1 million in value in an industrial zone;
- » building and works up to \$500 000 in commercial and special purpose zones; and
- » building and works up to \$250 000 or up to \$500 000 depending on the rural zone.

The simple VicSmart process makes straightforward applications easier to navigate for applicants unfamiliar with the planning system. Council and state planning staff are also able to focus on permits needing greater analysis, further reducing overall processing times.

VicSmart will now be extended with a further \$3 million to streamline the process for planning permit applications and amendments to introduce 'as of right' categories of minor approvals. This will cut council red tape and free up resources for significant applications.



3.

Promote stability and affordability for renters

Reform of the *Residential Tenancies Act 1997*

Supporting long-term leases

Unlocking the private rental market for Victorians being squeezed out

More Victorians are renting than ever. For some, this is by choice – they enjoy the flexibility renting affords. Some rent while they save enough for a home deposit. But for others, renting is their only choice.

It means many Victorians don't get the security they need when they enter into a single year lease. They miss out on the stability they need to raise a family, work and go to school.

So, as the number of renters increase, we must ensure the needs of both tenants and landlords are being balanced.

- » between 1996 and 2011, the number of Victorian households renting in the private rental sector increased by 50 per cent to more than 435 000 households*;
- » there were 546 891 active tenancy bonds in the September quarter, 2016 – a number that has grown 5.9 per cent annually over the past 10 years**;
- » the rental market is tight and rent has become less affordable. Only 7.6 per cent of new lettings in Melbourne were 'affordable' – compared to 30 per cent a decade ago. (*Affordable rent is considered to be no more than 30 per cent of household income*)**; and
- » in regional Victoria, 59.6 per cent of lettings were affordable – but this too is down, from 82.7 per cent in 2002.**

* Source: ABS, Customised 2011 Census report, 2015

** Source: Department of Health and Human Services, Rental Report, September quarter 2016

3.

We will rebalance the rights and responsibilities of renters and landlords

3.1 Reform of the Residential Tenancies Act

Our current rental laws are 20 years old and the needs of renters and landlords have changed dramatically.

The current review of the *Residential Tenancies Act 1997* (RTA) will ensure regulation of Victoria's rental sector meets the needs of tenants and landlords. The review is examining issues including security of tenure, dispute resolution and the regulation of property conditions.

The central theme of security of tenure, which provided the impetus for the review, has informed a range of proposals. These include a requirement that landlords have clear reasons for ending tenancies, protections against termination when tenants seek to enforce their rights, and more flexibility for tenants to end a tenancy early when they receive a notice to vacate. The review also canvasses options for requiring landlords who intend to sell their property to disclose this before entering into a tenancy agreement.

Changes recommended as part of the review are expected to be introduced into the Victorian Parliament in 2018. This will help ensure the growing number of Victorians who are renting, and the people they rent from, are better supported by the regulatory framework for residential tenancies.

3.2 Supporting households to sustain long-term housing

A home is the basic foundation for life. Without it, it's almost impossible to go to school, find a job or contribute to your community. That is why we're extending private rental assistance to 4 000 disadvantaged Victorians.

With \$33.2 million over two years, this assistance will help these Victorians find a home and begin to rebuild their lives. The funding builds on the one year of \$16 million in funding announced as part of the Family Violence Housing Blitz Package.

This funding provides flexible support and practical assistance that is tailored to the needs of each household. The assistance is provided through private rental brokers who help people access or maintain private rental housing. It is short term in nature, in preference to more intense interventions, such as crisis and transitional housing.

3.3 Making long-term leasing a real option for Victorians

Many Victorians want the certainty of a longer term lease. And despite short leases being the norm in Victoria, more than one in five renters have been in their home for longer than five years.

To give renters greater security, we will make available a new optional, standard long-term lease agreement for landlords and tenants wishing to enter into arrangements of more than five years.

Additionally, we will expand the scope of the RTA to give people who enter into longer leases the same protections as those with shorter leases.

An online matching service will also be established. This will connect landlords and tenants interested in a long-term lease through a dedicated website.

Funding will also enable testing of the feasibility of an intermediary service to manage long-term lease arrangements.

The Government will allocate \$1.2 million over four years for these measures to facilitate long-term leases and give renters greater security.

These initiatives aim to increase the supply of stable housing for tenants, with the additional benefit of a more secure income stream for landlords.

The new standard long-term lease agreement will be developed in consultation with key stakeholders during 2017. It will include terms that are specifically tailored to a longer term agreement, which may include:

- » allowing tenants to install fixtures (minor non-structural alterations);
- » revised notice periods for entry of rented premises and inspections; and
- » different notice periods for termination at the end of a long-term tenancy.

3.4 Residential parks

The high land value of some residential parks (such as caravan parks and residential villages) has resulted in an increasing number of closures for redevelopment of the land. It means fewer low-cost, long-term rental options, especially for elderly residents.

These residents often own demountable dwellings, which have become expensive to move due to improvements and additions made to them. They may also lease the land their home sits on, but have very few rights to stay.

This group is especially vulnerable when a park is closed, sold or converted for another purpose, because these people tend to have invested their savings into dwellings that are very costly or impossible to relocate. Even more, this group of tenants is often elderly, unable to afford other forms of housing, and heavily reliant on their local support and healthcare services.

Through its *Plan for Fairer Safer Housing*, the Government will give stronger protections to caravan park residents, to reset the balance of rights and responsibilities. This includes making sure residents have enough time to find somewhere else to live when a caravan park is to close, and ensuring park owners take appropriate steps to provide assistance to vulnerable residents needing to relocate.

3.5 Better Apartments guidelines

Apartment living has enjoyed a boom in Victoria, particularly in the inner city and close to activity centres. Apartments now account for about 33 per cent of new dwellings being built, compared with just 5 per cent two decades ago.

But some of the apartments built in recent years haven't been up to scratch, with small rooms, limited natural lighting, ventilation or storage.

The *Better Apartments* standards are part of the Government's reforms to create a higher standard of development, while maintaining affordability. *Better Apartments* was developed through extensive public and industry consultation and will come into effect in March 2017.

Under the changes, all new apartments must offer daylight, storage, ventilation and minimal noise. The standards also address room depth, accessibility, waste and water, energy efficiency and open space.

The standards are complemented by new design guidelines for apartment buildings. An apartment buyers and renters guide is planned along with a training program for planning and building design practitioners.



4.

Increasing and renewing social housing stock

Establish a \$1 billion Victorian Social Housing Growth Fund

Development of around 6 000 social housing dwellings including new builds, subsidised rentals and renewal of up to 2 500 ageing public housing dwellings

\$100 million in low cost loans and \$1 billion in government guarantees to housing associations to enable them to substantially expand their stock

Social housing provides homes to Victorians in need, and for many it gives them the foundation to stabilise other areas of their lives, and participate in education, work and the community.

Unfortunately, supply of social housing has not kept up with demand, made worse by less low-cost housing in the private rental market.

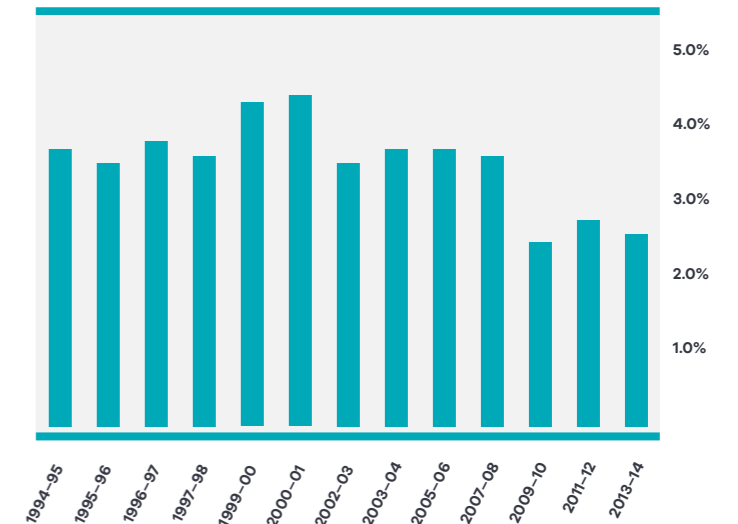
While community housing providers are also contributing to building the supply of social housing, in many cases, their lack of access to finance limits their ability to grow.

A healthy social housing system is critical in meeting the housing requirements of Victorians in need.

While there has been an overall growth in the social housing sector, as a proportion of total housing stock, the share of social housing has fallen.

Homes for Victorians looks to fix this imbalance through initiatives that provide a significant increase in new social housing stock, including through the creation of a \$1 billion fund, and new financial instruments to help community housing associations to grow.

FIGURE 9: THE TREND IN THE STOCK OF SOCIAL HOUSING COMPARED WITH TOTAL HOUSING STOCK



Source: ABS 2015, Housing Occupancy and Costs 2013-14, cat. no. 4130.0

4.

More social housing for those who need it most

4.1 A new Social Housing Growth Fund

Our state's social housing is not what it should be. We don't have enough – and of the homes we do have, many need urgent improvement.

To address the shortage of supply, the Government is establishing a \$1 billion Social Housing Growth Fund to fund a pipeline of projects to deliver more social housing. We will work in partnership with community housing providers to unlock private sector investment in new social housing.

The Social Housing Growth Fund's key aim is to underpin new approaches to deliver social housing – either by funding new partnership developments on non-government land or providing rental subsidies for properties in the private market.

By unlocking private investment, with the right incentives and support for community housing agencies, we will deliver new social housing and major new construction activity and jobs for Victorians.

We are also doing this in a fiscally responsible way. We will not draw down on the \$1 billion fund. Instead, its capital power will be used as leverage and the investment returns will be used to underpin funding agreements for projects.

The dedicated fund will go hand in hand with the other new social housing initiatives announced in *Homes for Victorians*.

Over the next five years, the Fund will support up to 2 200 new social housing places, comprising:

- » the construction of new social housing dwellings; and
- » the provision of rental support – for those people who need assistance but who may not require intensive long-term support.

The final level of new social housing and the balance of support provided between new construction and rental support will be determined through the market process and according to need.

Importantly, the new social housing numbers are for five years only. The use of a \$1 billion fund enables us to provide ongoing certainty of funding and will strengthen the Government's partnerships with philanthropic groups, councils, community housing and the private sector.

4.2 Building more social housing and redeveloping ageing supply

In order to get more people off waiting lists and into a home, we're already getting on with building and upgrading new houses across the state.

We are providing a significant investment of \$341 million to renew and expand public housing stock, which includes:

- » \$185 million for the Public Housing Renewal Program, which will be used to redevelop up to 2 500 public housing dwellings and increase the number of social housing properties by at least 10 per cent across metropolitan and regional sites;
- » \$120 million to deliver an extra 913 social housing properties;
- » \$20 million to fund 68 new and redeveloped public housing properties in Preston; and
- » \$16 million in short-term housing for existing tenants while the redevelopments occur.

Stage One of the Public Housing Renewal Program has been announced, and will result in the redevelopment of 1 100 public housing properties across nine sites in metropolitan Melbourne. They are:

- » Brunswick;
- » North Melbourne;
- » Heidelberg West;
- » Clifton Hill;
- » Brighton;
- » Prahran;
- » Hawthorn;
- » Northcote; and
- » Ascot Vale.

Public housing properties will also be upgraded in regional Victoria in the second stage of the public housing renewal program. Prospective sites will be evaluated as appropriate and tenants advised before any public announcement.

Plans for each site will be developed with input from residents, communities and other stakeholders. Proposed land uses, scale and types of new residences and recreational spaces will also be included.

Most public housing properties to be redeveloped are low-rise, typically rundown and have high maintenance costs. They will be replaced with a mix of apartments and townhouses, ensuring future social housing supply better meets the need of tenants.

Existing tenants will be consulted and supported throughout the redevelopment, including being relocated during construction. Consultation will commence early this year to begin the planning process, with work to start in early 2018 on several sites.

Our existing \$120 million social housing pipeline will deliver an additional 913 social housing dwellings through:

- » \$60 million to increase the number of social housing properties on vacant or under-used land owned by the Director of Housing. The first 52 vacant parcels of land have been identified, creating almost 100 homes;
- » \$30 million to kick off the first stage of the renewal of the Flemington public housing estate, one of Melbourne's oldest – with a focus on replacing the estate's 22 ageing low-rise buildings;
- » \$24 million to increase the supply of short and long-term housing for homeless people. It will mean the purchase of up to 94 homes and the leasing of 74 properties; and
- » \$5 million for the purchase and upgrade of 50 units in the City Gate Apartments in St Kilda.

In addition, a further \$20 million will see 68 public housing properties and new private housing built in Preston. These properties will be built on one of Victoria's original public housing estates, which was built in the early 1940s. This estate was demolished in 2011 but no works were carried out on the site, which has sat vacant for years.

4.

4.3 Financial backing for the community housing sector

Our state's community housing sector assists thousands of Victorians and provides efficient local management of housing. We need to give the sector the investment tools it needs to grow while prioritising those most in need.

Victorian non-profit community housing organisations already manage around 20 000 tenancies across the state and continue to construct new affordable dwellings. The sector could do even more – but it needs support to grow.

The Government will encourage the growth of this sector by giving housing associations participating in the Victorian Housing Register the capacity to invest in new social and affordable housing.

This will include:

- » a \$100 million revolving loan facility providing low-cost, long-term subordinate loans to Housing Associations;
- » up to \$1 billion available as a loan guarantee program, to help housing associations access finance at affordable interest rates. These guarantees will be issued over six years as economic projects and partnerships are developed; and
- » funding of \$2 million will cover the Government's implementation costs, including for legal advice, loan documentation, or setting up the guarantee program.

The Government will also explore new funding mechanisms, in particular a financial intermediary, to aggregate loans for the community housing sector to achieve more favourable financial terms. This will help housing associations and other parts of the community housing sector to overcome barriers to institutional investment.

This work will progress in parallel with the Commonwealth Federal Financial Relations' proposal to develop a national bond aggregator model, allowing Victoria to continue this work if a national scheme does not progress.

4.4 Increasing the capacity of the community housing sector

Community housing agencies with access to greater support are able to provide flexible housing management and can tailor their services to work with the needs of individual tenants and neighbourhoods.

We can build on these strengths by creating economies of scale if these agencies are managing a larger group of homes.

To achieve this, the Director of Housing who owns more than 64 000 public housing properties will transfer the management responsibility for 4 000 public housing dwellings to these agencies on a long-term basis.

This long-term arrangement will provide the community housing sector with the certainty needed to deliver services to the tenants who need it most, and use the additional revenue stream for the creation of more social housing.

Tenants' rights to their home will not be affected, and it will mean they only need to deal with one organisation for all issues relating to their housing. New housing applicants will also have greater choice in their housing provider.

To ensure a smooth transition, one-off funding of \$3 million will be provided to assist housing agencies to establish services and business support systems.

We will consult with community housing agencies and all other interested parties on key design parameters throughout a staged transition process.

It follows the Government's historic decision to transfer the ownership of almost 1 500 properties to Aboriginal Housing Victoria. For Aboriginal Victorians, it means greater self determination and more culturally appropriate housing services.

The Victorian Government also works closely with a range of other groups who provide housing services for groups with particular needs, including veterans, people with disabilities and aged care needs.

For example, it has supported the RSL Victorian Branch with a \$1.4 million grant for five units in Richmond, developed in partnership with Housing Choices Australia, to provide short to medium-term crisis accommodation to veterans in need.

A survey by Melbourne *Street to Home* found that around 8 per cent of rough sleepers identify as veterans.

4.5 The Victorian Housing Register

The new online Victorian Housing Register will make applying for social housing assistance easier.

Bringing together all public and community housing waiting lists into a single place, it means Victorians in need of housing only have to provide their details once, instead of contacting individual agencies.

Through a single online application, the Victoria Housing Register will provide a fair and easy way for people to access a range of social housing options.

With waiting times in the priority access category – that is, those most in need of housing – blowing out by over 50 per cent in four years under the previous government, we all need to do our bit to provide more housing for those most in need.

This is why participating organisations will need to allocate at least 75 per cent of their social housing vacancies to priority applicants on the register, noting this will be a condition of eligibility for participation in the new social housing funding initiatives outlined in *Homes for Victorians*.





5.

Improving housing services for Victorians in need

Additional help for more than 19 000 people at risk of, or experiencing, homelessness

New funding for rooming house upgrades

Implement the Family Violence Housing Blitz initiatives

Increase grants from the Victorian Property Fund to support housing assistance for disadvantaged Victorians

Putting housing first for the most vulnerable Victorians

Victoria, like all states, is facing increased levels of homelessness.

Housing unaffordability, family violence, unemployment and increasingly complex mental health issues are all contributing factors. Demand for Victoria's homelessness services increased between 2011-2015 to more than 100 000 people.

This increased demand is most visible at the crisis end of the system. But this is just one expression of homelessness.

There are thousands more we just don't see. Some people are sleeping in their cars or on friends' couches or in temporary and insecure accommodation.

That's why the Government announced the largest ever homelessness investment of \$109 million, to intervene earlier to prevent homelessness, improve responses to those entering crisis accommodation, and increase the wrap-around services and support people in need.

The *Towards Home* package builds on this work and offers a guaranteed pathway to supported housing to help deal with both the immediate and ongoing needs of rough sleepers.

At the same time, we're responding to the Royal Commission's finding that family violence is the number one cause of homelessness for women, by delivering the housing and support that women and children need to get on with their lives.

5.

5.1 Investment of \$109 million to move homeless Victorians towards stable housing

Homelessness is growing in Victoria, with thousands sleeping in their cars, on friends' couches or on the street.

The Government's recently announced investment will help 19 000 people who are homeless or at risk of being homeless, including young people, rough sleepers, veterans and people experiencing chronic homelessness over the next five years.

The initiatives will provide support including:

- » \$10.9 million to support young people leaving out of home care, get a job or study, with housing through board payments, housing subsidies and leasing arrangements until they are 21;
- » \$60.8 million for improvements to support services and additional accommodation through community sector led projects (including the Wyndham H3 project); and
- » \$32.7 million to better support people to sustain long-term housing and achieve independence, including rapid rehousing for those most in need, and up to 30 units of supported housing for women and children and accommodation for people with severe mental illness in Frankston.

Additionally, the recently expanded Rapid Housing Fund will see 94 properties purchased, and an extra 74 leased, providing stable housing for those who are experiencing homelessness.

H3 project in Wyndham

As part of this package, the Government has announced an investment in the H3 Wyndham Alliance, a partnership of health, housing and homelessness agencies in the western Melbourne area.

The \$15 million in funding will be used to purchase or build 20 new properties and lease up to 50 properties to support those who are homeless or at risk of homelessness in Wyndham. This will include the purchase of up to 12 one-bedroom units for long-term rough sleepers and the construction of up to eight self-contained units for young people, including young parents at risk of homelessness.

Each year, this investment is expected to help more than 1 700 people in the Wyndham area.

5.2 Towards Home

In response to the rise in the number of people sleeping rough in inner city Melbourne, the Government has provided \$1.6 million to assist rough sleepers, particularly during winter.

The Government has recently built on that investment with a new, targeted response aimed at addressing rough sleeping in the City of Melbourne.

Over two years, the \$9.8 million *Towards Home* package will deliver:

- » immediate, dedicated access to 40 transitional housing units across Melbourne until new additional permanent housing is in place by the end of 2017;
- » 30 new permanent modular and relocatable homes on public land by the end of 2017;
- » a guaranteed pathway to permanent supportive housing so that rough sleepers gain stable housing as quickly as possible; and
- » case management and targeted supports for an immediate 40 vulnerable rough sleepers for up to two years to help them maintain their housing.

To oversee delivery of this emergency response package, the Government is developing a long-term strategy to tackle the challenges of rough sleeping.





5.3 Family Violence housing measures

Too many victim survivors of family violence are forced to choose between their safety or the streets. It isn't good enough.

As part of the Government's *2016-17 Budget* response, the \$152 million Family Violence Housing Blitz is being rolled out.

We are extending housing support for victims of family violence by:

- » adding more than 300 social housing properties in the 2016-17 financial year;
- » redeveloping four existing family violence crisis refuges and providing 24-hour staffing at up to six family violence refuges;
- » keeping women safe in their homes by expanding packages of support for home security measures and relocation costs to more than 5 000 victims of family violence, a 480 per cent increase; and
- » providing support to access private rental assistance.

As part of the broader reforms being implemented in response to the Royal Commission, new Support and Safety Hubs will play a key role in helping women and children with safe and stable housing. This support will be underpinned by changes to the way that we personalise support for individuals and families, with more funding going into flexible support packages that can address housing need.

The Government will soon have more to say on housing support for victim survivors of family violence, as part of the rolling response included in *Ending Family Violence: Victoria's Plan for Change*.

5.4 Rooming houses

Rooming houses provide accommodation to those who have previously been homeless or those who are unable to maintain a regular tenancy. Yet the sector has been ignored for years and many properties fall short of modern standards.

In recent years, more stringent registration requirements have been introduced to ensure these properties are safe.

The *Rooming House Operators Act 2015* requires all operators of rooming houses to pass a 'fit and proper person' test to obtain a licence. This legislation will better protect tenants by helping ensure operators are suitable to run rooming houses and comply with basic hygiene, safety and security standards.

The Government is now acting to strengthen oversight and provide funds to upgrade the often run-down premises being used as rooming houses.

In the *2016-17 Budget*, \$10 million was provided from the Victorian Property Fund (VPF) to rejuvenate three Melbourne rooming houses in Ascot Vale, Flemington and St Kilda.

Homes for Victorians is providing a further \$20 million for the renovation of additional rooming houses. Half of this is being allocated to renovate existing Director of Housing owned properties. The other half will fund the renovation of community housing sector properties through an Expression of Interest process. This will ensure the funding is allocated competitively and provides the best return on the Government's investment.

5.5 The Victorian Property Fund

The VPF is a trust fund administered by Consumer Affairs Victoria, with money coming from the interest paid on estate agents' and conveyancers' trust accounts.

The VPF provides grants to support a range of related programs, including housing assistance for vulnerable Victorians. Up to \$100 million in new grants will be provided over the next four years.

Recent grants have included:

- » \$5.5 million for 20 affordable units for women aged over 55, including women and children escaping family violence;
- » \$2.7 million for Common Equity Housing for acquisition of units at Harmony Village;
- » \$1.6 million for the Victorian Women's Housing Association for affordable housing for women with low incomes in Coburg;
- » \$1.4 million to Housing Choices Australia for veterans' accommodation; and
- » \$2.6 million to Kids Under Cover for prevention of youth homelessness.



6.

Looking to the future

It's clear that too many Victorians – buyers, renters and prospective public housing tenants – are finding it hard to find a home.

Through the measures outlined in *Homes for Victorians*, the Government is taking decisive action to increase the housing choices for all Victorians.

In doing so, we understand the challenges are complex and there are no easy solutions.

While money is not the only issue, *Homes for Victorians*:

- » provides more than \$2 billion in support for social and affordable housing;
- » rebalances around \$900 million in taxes and grants to shift support from investors to first home buyers; and
- » provides \$770 million in funding for new or recently announced initiatives to improve housing outcomes for Victorians.

This housing package is the largest in the history of Victoria.

This recognises that the issues cut across many different policy areas, and require whole of government action.

But this strategy also acknowledges that the Victorian Government cannot solve this problem alone.

We must work in partnership with the Commonwealth Government and local councils, as well as the community social housing sector, and the development and construction industries.

Together, we can unlock the housing market to deliver affordability, access and choice.

We can achieve more affordable housing.

More support for the people who need it most.

And more opportunity for Victorians to find themselves a home.

welcome home

