

VICTORIA

Victoria's Housing Statement

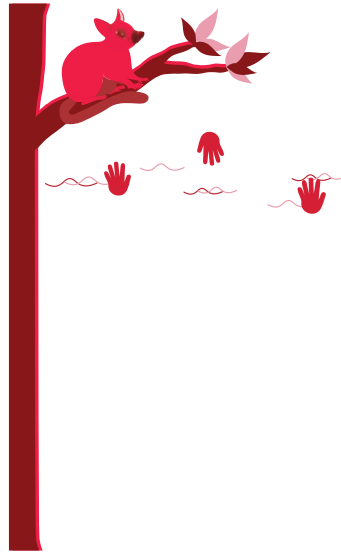
The decade ahead | 2024-2034



Acknowledgement of Country

We proudly acknowledge Victoria's Traditional Owners and their ongoing strength in practising the world's oldest living culture.

We recognise the diversity of Victoria's Traditional Owners in being distinctive communities with their own set of laws, customs and processes built upon tens of thousands of years of knowledge. We acknowledge the Traditional Owners' lands and waters on which we live and work and pay our respects to their Elders, past and present.



Authorised by the Victorian Government
1 Treasury Place, Melbourne 3002

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Premier's Message

Nothing is more important than finding a home. For most of us, it's the biggest investment we'll ever make. Whether you're buying or building your first, upsizing as your family grows, renting near work or simply wanting to be closer to family and friends – you should be able to find a place to call home. And it should be a place of pride, comfort, and security.

But right now – and right across Australia – that's becoming harder than ever before. Housing affordability is at its lowest in decades, and it's taking so much longer to save for a deposit than it used to. Vacancy rates for rentals are at record lows, and prospective tenants are finding theirs is just one of dozens of applications. Key workers are struggling to find housing close to where they work – especially in the regions. And many families are getting priced out of the market altogether.

Admiring the problem will only make it worse. Without a reset – and without a more active planning system – we cannot seriously expect things to improve, more houses to be built, and more Victorians to enjoy the security of somewhere to live. The status quo is not an option. Unless we take bold and decisive action now, Victorians will be paying the price for generations to come.

That's why this *Housing Statement* puts forward an ambitious plan to tackle the root of the problem: housing supply. We're setting a bold target to build 800,000 homes in Victoria over the next decade.

It's a simple proposition: build more homes, and they'll be more affordable. But the Government can't fix the problem alone. We'll do it in an Affordability Partnership with industry. We'll foster the conditions needed to stimulate investment and build high-quality homes quickly in the places where Victorians want to live – and the private market will build more social and affordable housing for the Victorians who need it most.

At the same time, we'll give certainty to the sector and Victorians alike by building the infrastructure our growing state needs. Metro Tunnel is on the way, and it'll be here a year ahead of schedule. We've removed 72 level crossings to unclog Melbourne's roads and rail lines – and we're not slowing down. The Suburban Rail Loop will slash travel times and make it easier to get around our suburbs – all while taking 600,000 cars off the road.

We can do all of this and more, because we've invested in training for the skills our economy needs. We saved TAFE, re-opened and upgraded campuses, introduced Free TAFE and put 70 courses on the free list – including for in-demand jobs like construction. We've changed the once-in-a-lifetime limit, so Victorians can take multiple Free TAFE courses while they're continuing priority training pathways. We're also protecting TAFE funding, enshrining it in legislation.

All of that means we've got the workers our state needs to build the homes Victorians need – as well as the schools, hospitals, roads and rail to go with them. With that pipeline of workers, the building industry can also have confidence in its pipeline of work – and scale up as it needs to.

This *Housing Statement* is the first part of our journey: kicking off the critical work we can do now to build the homes, suburbs and communities Victorians can enjoy for generations to come. But we know there's more to do, and we'll get on with it – bringing Victorians with us. We'll keep talking to industry, including about the skilled workforces they need to meet demand. We'll keep consulting local communities. And we'll keep working to make sure every Victorian can realise the great Australian dream.

We'll build a better Victoria, together. Because Victorians deserve nothing less.



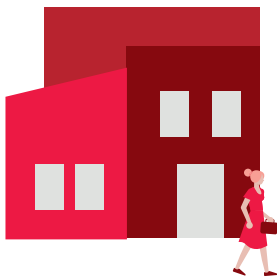
A handwritten signature in black ink, which appears to be 'Dan Andrews'.

The Hon. Daniel Andrews MP
Premier of Victoria



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Introduction



Introduction

Right across the nation, housing is one of the biggest challenges we face.

The latest data shows that in June this year, housing affordability in Australia crashed to its lowest in 30 years. Successive interest rate hikes and booming house prices mean it's harder than ever to service a mortgage.

Today, if you're a household earning a median income of \$105,000, you could likely only afford around 13 per cent of homes on the market – that's the lowest share since this data was first collected almost three decades ago. And the situation for low and middle income families is much worse. A household earning \$64,000 a year could now afford just 3 per cent of homes on the market.

At the same time, prospective renters at a home inspection will find they're just one of dozens of applicants. Demand for rentals is skyrocketing – and so is the price. Rents across the country are rising at the fastest rate in 15 years. Annual rent increases peaked at 10 per cent in late 2022 and early 2023. The last time rent went up this quickly was when peak annual rent growth hit 9.7 per cent during the global financial crisis.

The status quo isn't an option. If we don't act now, Victoria will end up falling short – by more than 25,000 homes each year over the next ten years. That means more house prices skyrocketing, more families priced out of the market, and more competition for rental properties.

It all comes back to supply. It's a simple reality: as a country, we need to do more to build enough houses for all of the people who need them. Because it's only when there are enough homes to go around that more people will be able to afford them.

As a state, we're going to get on with it – quickly. Victoria is the fastest growing state in the country: our population is expected to reach 10.3 million by 2051. Melbourne is set to become Australia's biggest city by the end of the decade, with the population estimated to grow by an additional 2.9 million people over the next 28 years.

If we're going to make sure the current problem doesn't get worse, we need to build 1.6 million homes by 2051 – that's around 57,000 homes a year. To ease the acute pressure people are currently facing, we need to deliver 2.24 million homes by 2051 – that's around 80,000 a year.

On current trends, we are expected to build around 540,000 homes over the next decade. The work we're doing in this *Housing Statement* will facilitate an extra 250,000 homes being built in Victoria over the next ten years – and it'll support 16,000 jobs.



We'll give planning the resources they need, making sure good decisions are made faster. We'll then reform Victoria's planning system so projects don't get stuck again. We'll build up and out – making sure Victorians can afford to live where they want, close to where they work, in thriving and sustainable communities. We'll strengthen protections for renters, because every Victorian deserves a comfortable home – whether you own it or not. We'll build more social and affordable housing for the Victorians who need it most. And because this statement forms the first step of our work to boost housing supply and affordability – not the last – we'll develop a long term plan to guide the way our state grows.

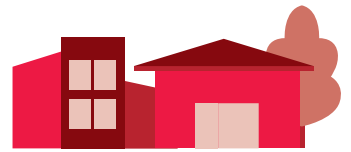
Most importantly, we'll bring Victorians along for the journey. We'll keep consulting with the community, industry and local councils to make sure every Victorian has the opportunity to shape our state for the generations who follow us. And we'll keep working with the Commonwealth Government and other states and territories to form a national solution to one of our nation's greatest economic challenges.

01

**Good decisions,
made faster**



Good decisions, made faster



- Reforming Victoria’s planning system to boost housing supply in every corner of the state
- Clearing the backlog of planning permits waiting to be approved – and standardising rules to make sure good decisions are made faster
- Giving builders, buyers and renovators certainty about how long approvals will take – and a clear pathway to resolve issues quickly if those timeframes aren’t met

Victoria is growing. We’re the fastest growing state in Australia, with our population set to hit 10.3 million by 2051.

By the 2050s, Melbourne will be home to more than eight million people, and regional Victoria will be home to more than 2.3 million. But the fundamental truth is this: we’re not building enough homes for all of the people who will need them in years to come.

Right now, the system just isn’t working like it should – and decisions aren’t getting made fast enough. At a council level, there’s a backlog of around 1,400 planning permit applications for multi-unit housing that have been sitting with councils for more than six months waiting for a decision. Some 550 of those applications have been sitting with councils for more than a year.

Instead of decisions being made by councils, more and more planning disputes are taking longer and longer and ultimately ending up at unelected VCAT to resolve. That clogs up the system even more – and results in more delays for the people who genuinely need to use it.

All of that means we’re going backwards. Over the last year, the number of dwellings approved across the state fell by 26.1 per cent. Victorians deserve a planning system that works with them – not against them. It should be quick, efficient, and easy to navigate. It should be a clear, transparent and accountable system – because Victorians deserve to know who is planning our city and state.

And we’ve got a plan to do just that.

How we're helping Victorians build



Builders right across Australia are facing critical global economic challenges, including rising supply chain costs. This year, we announced a package of reforms to better protect Victorians building a home, while also giving our local building industry the certainty it needs.

Here's what we're doing:

- **Consumer focus:** We're putting consumers and homeowners at the centre of the system with clearer roles and responsibilities, greater accountability, access to insurance, and consumer support throughout the lifecycle of a build.
- **Strong regulators:** We're ensuring the people who oversee building projects have the powers they need to protect consumers and hold builders to account if they do the wrong thing.
- **Skilled builders:** We're making sure builders and contractors have the rights skills to build our homes, and that they operate with the transparency and professionalism Victorians expect.
- **Better approvals:** We're improving the approval process to make sure all buildings in Victoria are safe and built to last.

We've already started making important changes. We're creating a Building Monitor to represent consumers' interests, improving the approval process, and requiring more people involved in a building project to be registered. The Victorian Building Authority, with a new CEO, is getting on with its work to improve the performance of the regulator, drive improvements in the building system, and put consumers at the centre of all it does. We're also working on more changes to make it easier to get insurance, resolve disputes, and enforce the rules. We understand that building safe, durable homes is the priority.



What we'll do

Clear the backlog

Having applications sitting in the system doesn't get homes built. We'll begin the work to clear the backlog of 1,400 housing permit applications that have been stuck with councils for more than six months. We'll have a dedicated team that works with project proponents, local councils, and referral agencies to resolve issues delaying council decision-making – to avoid projects ending up in VCAT and to get homes built. Once we have a clearer picture of projects and if decisions keep lagging, then the Minister for Planning won't hesitate to call them in.

Make big decisions faster

We'll make sure big decisions are made faster by expanding Victoria's *Development Facilitation Program*. This will make the Minister for Planning the decision maker for significant residential developments that include affordable housing. We'll streamline the planning process for medium to high density residential developments that meet the set criteria: construction costs worth at least \$50 million in Melbourne or \$15 million in regional Victoria, and delivering at least 10 per cent affordable housing. This will include new build-to-rent projects. It'll mean around 13,200 additional homes will be brought to market that would otherwise be delayed – and it'll cut application timeframes for these types of projects from more than 12 months down to four.

Increase housing choice in activity centres

We'll introduce clear planning controls to deliver an additional 60,000 homes around an initial 10 activity centres across Melbourne: Broadmeadows, Camberwell Junction, Chadstone, Epping, Frankston, Moorabbin, Niddrie (Keilor Road), North Essendon, Preston (High Street) and Ringwood. Activity centre plans will guide investment in the things a growing suburb needs like community facilities, public spaces and parks. The program will also consider the best way to incentivise more affordable housing.

Making it easier to build a small second home

Small second homes on the same lot – also known as granny flats or dwelling garden units – have become more and more popular. They can give families the space to grow together, provide a critical second income, or give kids somewhere to stay when they visit for the weekend. But for many, the burden of getting a planning approval has put building a second small home in the too hard basket. We'll make it easier to build a second small home on your property. Dwelling garden units won't require a planning permit if they're less than 60 square metres. And we'll also introduce more permit exemptions for single dwellings for things like extensions to sheds and carports.





What we'll do

Faster permits and planning certainty

We'll streamline assessment pathways with a range of new *Deemed to Comply* residential standards for different types of homes. Council planners will be able to quickly approve permits for houses that meet the residential standards – like how much space homes take up on a block, or how much storage a home has – meaning councils will only assess aspects of a permit that don't comply with those standards.

We'll expand the *Future Homes* program to encourage more new builds. *Future Homes* provides four sets of ready-made architectural designs which can be purchased by developers and adapted to a site through a streamlined planning process. We'll create more high-quality designs for 4 and 5 storey developments, and we'll expand the areas where they can be used.

We'll also make changes to the types of homes that require planning permits. Single dwellings on lots bigger than 300 square metres, and not covered by an overlay, will no longer require a planning permit. Single dwellings on lots smaller than 300 square metres, where an overlay doesn't exist, will be ticked off within 10 days.

Red Tape Commissioner reforms

We'll introduce legislative reforms to strengthen our planning system. The legislation will implement Red Tape Commissioner recommendations, as well as other reforms like giving VCAT the power to dismiss matters without a prospect of success and imposing time limits on submissions. Planning Panels will also be able to undertake hearings on the papers and join parties.

Convert commercial buildings to residential

The Property Council of Australia (PCA) and the City of Melbourne have identified close to 80 commercial office buildings that are currently under-used because of changing work patterns and demand for flexible floor space increasing. We'll work with the PCA and the City to consider opportunities to facilitate the conversion of these offices into around 10,000-12,000 apartments and mixed-use properties.

Provide quicker water connections

As our towns and cities grow, utility connections – like water and electricity – need to happen quickly. We'll work to speed up water connections in greenfield areas to get Victorians into their new homes faster. We'll revise our statement of expectations to water corporations, strengthening the need to engage with developers and local councils early and regularly through the permit process – and setting clear timelines these water corporations need to meet to connect new communities and developments to the essential services they rely on.

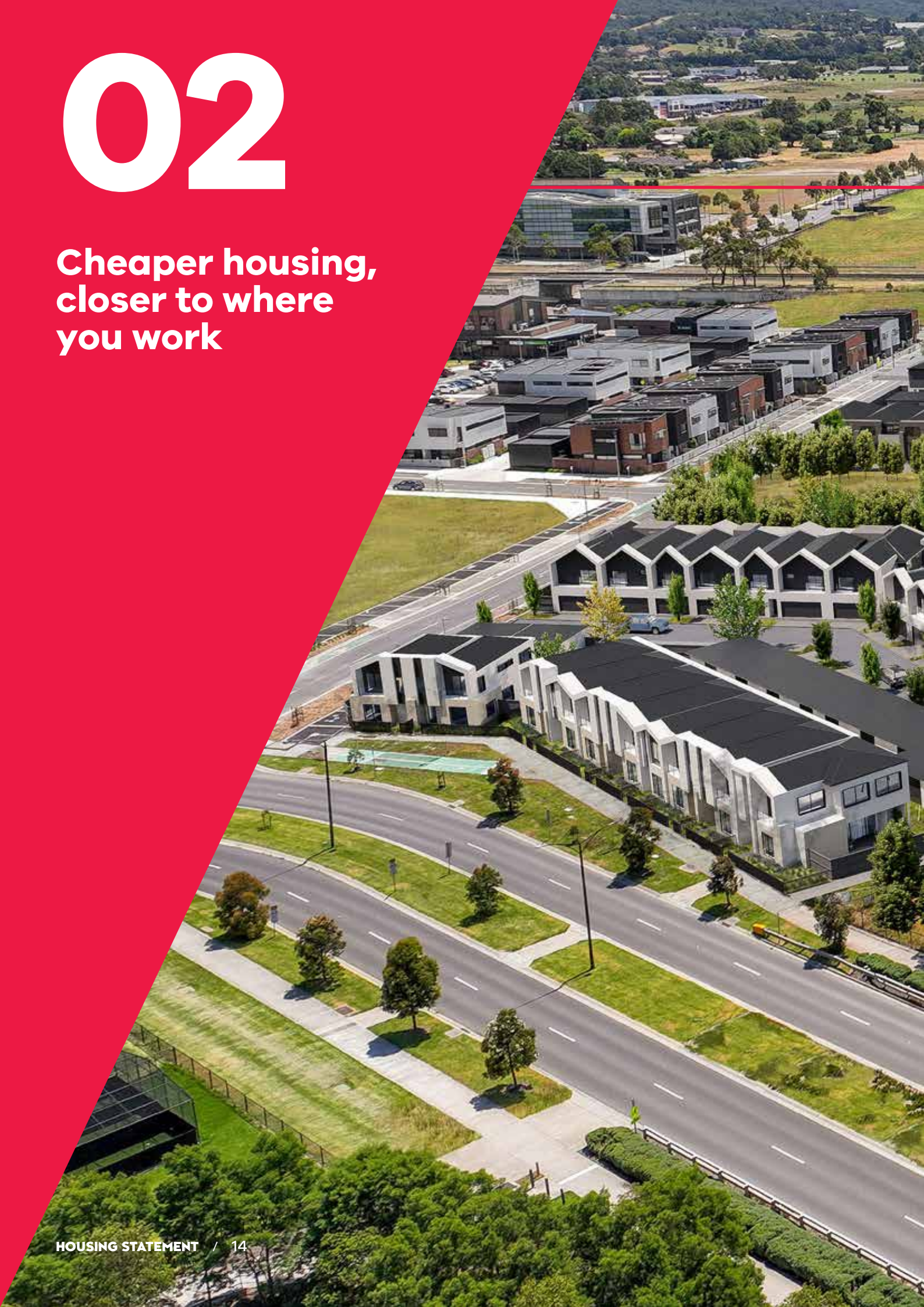
More resources to support a faster, fairer planning system

To give industry greater certainty, the Department of Transport and Planning will bolster its resources in the coming months – including by bringing on 90 new planners – to help with a range of priorities like clearing the backlog, making good decisions faster and increasing housing choice in activity centres.



02

**Cheaper housing,
closer to where
you work**





Cheaper housing, closer to where you work

- Unlocking new spaces to build – including across established suburbs and government land – to boost supply and stop urban sprawl
- Building more homes closer to where people have the transport, roads, hospitals and schools they need
- Delivering vital community infrastructure – like footpaths and parks – faster

The more a city sprawls, the less liveable it becomes for the people who call it home.

Your daily commute gets longer. It's harder to drop the kids off at school and get to work on time. Traffic skyrockets. And so does pollution.

Most importantly, the cost of living – and of finding somewhere to live – keeps going up. At the same time, the chances of living close to your job and the services you rely on keeps going down.

The solution isn't to keep pushing people further out by building suburb after suburb on the fringes of town. We know infrastructure investment to keep pace with urban sprawl is four times higher than what's required to support growth in suburban areas where there's already good access to services, transport and green spaces. And we can't let our state get stuck in an endless, unsustainable cycle of playing catch up by trying to keep pace with urban sprawl at the fringes.

We need to create more housing, with the best design standards, where people want to live. And that means going up **and** out – not just out. By unlocking new spaces to build homes across established suburbs, we'll stop urban sprawl and boost housing supply in the places Victorians want to be – close to where they work, or send their kids to school. And by delivering vital community infrastructure in those suburbs, we'll make sure they stay places where Victorians want to live.

Building the transport network Victoria needs to move generations

Suburban Rail Loop

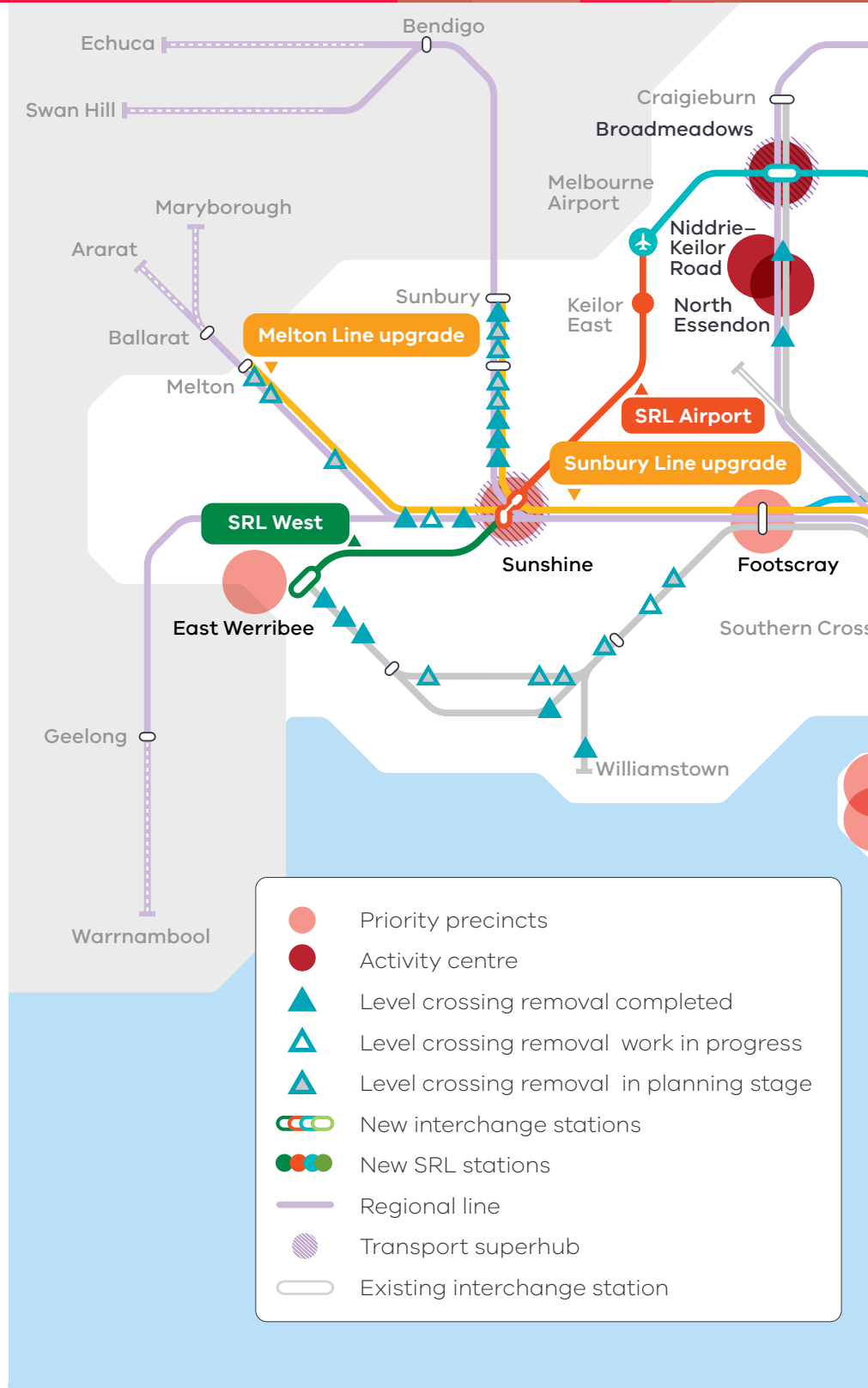
- SRL East will create up to **8,000 direct jobs**
- SRL will support up to **24,000 jobs** across Victoria
- Suburban Rail Loop will take **600,000 cars off the road**
- Improve travel times for at least **4 out of 5** Victorians, whether they drive or commute by public transport
- Tunnel boring machines will launch in **2026**
- First trains running in **2035**
- **6 SRL East precincts:** Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill
- Precincts discussion paper out now

Level Crossing Removals

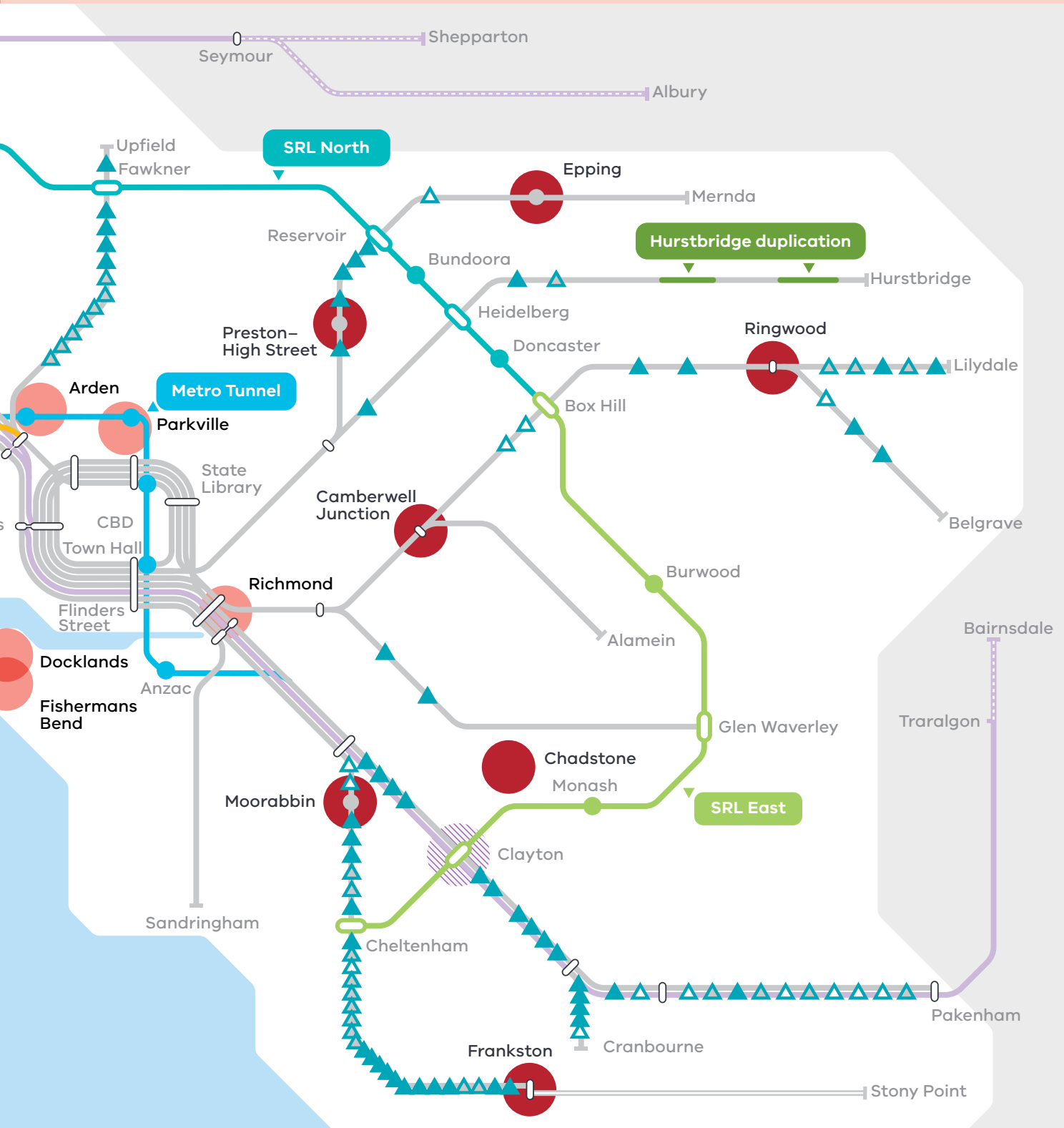
- **72** dangerous and congested level crossings already gone
- Will remove **110 by 2030**
- LXP projects have created more than **5,500 jobs** across the program to date
- More than **84 million hours** have been worked on LXP projects
- By **2030**, the Frankston, Cranbourne, Pakenham, Lilydale, Sunbury and Werribee lines will all be level crossing free

Metro Tunnel

- Almost **7,000 jobs** created from the Metro Tunnel Project
- 800 apprentices, trainees and cadets have worked on or are currently working on the project
- Complete in **2025** – a year ahead of schedule
- **9km** twin tunnels and **five** new stations



Our priority precincts – Arden, Docklands, Fishermans Bend, Footscray, National Employment and Innovation Clusters, Parkville, Sunshine, Richmond to Flinders Street corridor and Precincts and suburbs are expected to deliver around 150,000 homes – with opportunity for more homes to be built as the precinct grows over time.



For illustrative purposes, subject to further detailed technical investigations and consultations



What we'll do

Support institutional investment

Institutional investors – larger entities like superannuation funds or insurance companies – can play a critical role in housing supply. These entities have already shown their appetite to invest in long-term, stable rental properties and build-to-sell developments. We'll establish an *Institutional Investment Framework*, creating a dedicated planning pathway and one-stop shop for these investors – attracting more investment at scale in social, affordable, key worker and market homes.

Activate the Arden Precinct

A landmark precinct in central Melbourne, Arden will be a globally recognised destination for bio-medical and health sciences. Arden is an urban renewal precinct set to transform into a thriving community and a new home for Melbourne's growing technology, life science, health and education sectors. Just two kilometres from the centre of Melbourne's CBD, Arden is a central and connected precinct which will be home to up to 34,000 jobs and around 20,000 people by 2051.

We'll commence a market search for proposals to activate the Arden Precinct ahead of the Arden Metro Tunnel train station opening earlier in 2025. Our intention is to partner with the private sector, industry and investors to start delivering the Arden precinct – with quality and affordable housing to support diverse residents and key workers, including affordable build to rent, build to sell, shared equity and key worker housing.

Boost the *Victorian Homebuyer Fund*

Saving for a deposit is taking longer, and getting harder. In the early 2000s, it took a typical Victorian household 3.6 years to save a deposit for a house. Today, it takes an average of 6.2 years. We'll release another \$500 million from the *Victorian Homebuyer Fund*, putting home ownership within reach for more Victorians. This additional funding will support around 3,000 more Victorians into a home through a shared equity model.

The Fund provides eligible participants with a contribution of up to 25 per cent of the purchase price of the home, with participants contributing a minimum of 5 per cent of the purchase price. Since the Fund started in October 2021, we've supported 4,251 settlements with \$1.07 billion – including many Victorians who have found it particularly tough to get into the housing market. From the existing program, half of participants are women, more than half are single people, and two-thirds are first home buyers.

Introduce tougher penalties for real estate agents and sellers who break the law

Victoria has zero tolerance for real estate agents and sellers who flout the rules. We'll crack down on dodgy real estate agents by introducing tougher penalties for those who break the law, including taking commissions away from agents who underquote on properties. It'll mean more protections for Victorians looking for a home, and the majority of agents who do the right thing won't be unfairly disadvantaged by those who break the law to get ahead.

What is underquoting?



This is underquoting

- A property is advertised at \$500,000-550,000.
- After a week the online advertised price is reduced to \$450,000-490,000.
- The Statement of Information shows comparable properties in the \$600,000 range and the median price for the suburb is \$620,000.
- The property sells at auction for \$650,000 with a single bidder.
- This is underquoting as the property should have been advertised within the range of the comparable properties.
- The change in the advertised price is deliberate and triggers the search parameters of people in the sub-\$500K budget range.
- This unlawful behaviour falsely inflates the popularity or attendance numbers of the auction, which puts more pressure (false competition) on the potential bidders.
- It also wastes the time of people who are tricked into thinking a home may be within their budget.

This is not

- A property is advertised at \$500,000-550,000, which is reasonably based on the suburb's median price and the sale price of three comparable homes in the same area.
- The auction day is very popular, with multiple bidders. There are no vendor bids placed and the auctioneer declares it is 'On The Market' within the advertised range.
- The competitive bidding causes the property to sell for \$650,000.
- The bid sheet is retained in the Agent's folder for this property, and the auction was live streamed on the internet.
- Even though the sales figure was high, the auction and advertising campaign were conducted in a lawful and transparent way.



What we'll do

Unlock surplus government land

We've heard from institutional investors and the private sector that they need more clarity and certainty when it comes to under-used and surplus government land, in order to guide their investments. We'll unlock and rezone surplus government land to deliver around 9,000 homes across 45 sites in both metropolitan Melbourne and regional Victoria. As part of this work, we'll set a target of at least 10 per cent of affordable homes to be built across these sites.

Strengthen design standards to ensure high quality builds

With more and more Victorians choosing to live in apartments, they should be the best they can be – with liveability and wellbeing front and centre. We've already strengthened Victoria's apartment design standards, with previous reforms improving the internal and external design of new builds. But we know there's more to do, so we'll strengthen the existing standards to make sure they deliver the variety of homes Victorians want into the future. Our clear new standards will ensure appealing, comfortable, sustainable, and fit-for-purpose homes.

Introduce a *Short Stay Levy*

While short stay accommodation – like Airbnb or Stayz – has become a popular feature of Victoria's visitor economy, it's also reduced the ability for many properties to be used for longer term accommodation. In Victoria, there are more than 36,000 short stay accommodation places – with almost half of these in regional Victoria. More than 29,000 of those places are entire homes. These are places that cannot be used for longer-term accommodation or rented out on fixed term agreements – so it makes sense that they should provide some benefit toward the places that can.

We'll introduce a levy on short stay accommodation platforms. The *Short Stay Levy* will be set at 7.5 per cent of the short-stay accommodation platforms' revenue. And the revenue raised from the levy will go to Homes Victoria, supporting their work building and maintaining social and affordable housing across the state, with 25 per cent of funds to be invested in regional Victoria. This also means other local council charges on short stay accommodation will be removed.

Give growing communities the local infrastructure they need

We'll bring forward a \$400 million package of works along growth corridors – providing the basic infrastructure that will make a difference on the ground to new and growing communities. Drawing from the *Growth Areas Public Transport Fund* and *Building New Communities Fund*, we'll look at priority projects where they're needed most for things like toilets, shelter and lighting upgrades at bus stops and train stations, footpaths and cycling paths.

Keep making precincts about people and places

The Department of Transport and Planning is leading the whole-of-government delivery and coordination of Priority Precincts such as Arden, Docklands, Fishermans Bend, Footscray, East Werribee, Parkville and Sunshine.

We want to create places where people have vibrant, liveable and sustainable communities, affordable housing and quality jobs which help to grow Victoria's economy. Our priority precincts will capitalise on the benefits of major infrastructure investments to support thriving communities and encourage further investment.

Priority planning projects for growing suburbs

We know we need to increase opportunities for homes in Melbourne's inner and middle suburbs. At the same time, a home in our newest suburbs and regional cities will continue to be an attractive choice for many households. Growth areas will remain important – and we'll need to support that growth in our suburbs while building the transport and infrastructure to connect people to jobs and services. The Victorian Planning Authority will continue preparing Precinct Structure Plans (PSPs) for new housing and jobs in Melbourne and regional Victoria. Further work across 21 priority projects will continue to be developed to deliver more than 60,000 homes and 60,000 jobs. They'll deliver a sustainable supply of greenfield land, and more jobs close to home, while we plan for more housing choice in all parts of Victoria.

Regional Victoria

Wonthaggi PSP

Ballarat Infrastructure Growth Alignment Framework

Shepparton South East PSP

Corio Norlane Urban Renewal

Bannockburn South East PSP

East of Aberline PSP

Ballarat North PSP

Industrial Land

Officer South (Employment) PSP

Greater Avalon (Employment) PSP

Casey Fields South (Employment) PSP

Croskell (Employment) PSP

Merrifield North (due diligence only)

Mambourn East (due diligence only)

Werribee Junction (due diligence only)

Established Melbourne

Braybrook Regeneration Project

Melbourne New Communities

Beveridge North West PSP

Gunns Gully Road Interchange GAIC WIK

Greenvale North (Part 2) PSP

Devon Meadows PSP

Melton East PSP

Clyde South (due diligence only)



425,600 new homes for regional Victoria



As part of our work to build the 2.24 million homes Victoria will need by 2051, we're setting a regional target to build 425,600 of those homes across our regions.

Regional Housing Fund

We're providing a new **\$1 billion Regional Housing Fund** to deliver more than 1,300 new homes across regional Victoria. The new homes will include a mix of social and affordable housing – and we'll work with councils, regional partnerships and local communities to determine the right mix of stock and locations for each region.

Regional Worker Accommodation Fund

We're investing **\$150 million** in a **Regional Worker Accommodation Fund** to provide new housing options for regional communities where key workers are struggling to find affordable places to live. The package will make regional workers' jobs more secure and make it easier for businesses to find and keep staff. We'll consult regional employers, workers, housing providers and councils on the program design to ensure it meets the needs of the local communities.

Big Housing Build

Our \$5.3 billion **Big Housing Build** is Australia's biggest ever investment in public and community housing. It's delivering more than 12,000 social and affordable homes across Victoria – including more than 9,300 social homes. As part of the Big Housing Build, **25 per cent of these homes will be delivered in regional Victoria – a \$1.25 billion investment in regional housing.**

Development Facilitation Program

By expanding Victoria's Development Facilitation Program, we'll boost critical housing supply in regional Victoria. We'll **streamline the planning process** for significant regional housing developments which are worth at least **\$15 million and deliver at least 10 per cent affordable housing**, including build-to-rent projects.

Short Stay Levy

The revenue raised following the introduction of a *Short Stay Levy* will go to Homes Victoria, supporting their work building and maintaining social and affordable housing across the state. To make sure our regions get their fair share, **25 per cent of funds from the Short Stay Levy will be invested in regional Victoria.**



03

Protecting renters' rights





Protecting renters' rights

- Closing loopholes that drive up the cost of living for renters
- Giving renters more certainty and security over their leases, living standards and finances
- Resolving tenancy disputes faster and keeping them out of VCAT

Across Victoria, more people are renting than ever before, and for longer.

Over the past 10 years, the number of rental properties in our state has increased by more than 32 per cent. In the early 2000s, it took a typical Victorian household 3.6 years to save a deposit for a house. Today, it takes an average of 6.2 years.

Demand for rental properties is skyrocketing. These days, the reality for most people trying to land a rental is that they find they're just one of dozens of applicants at an inspection. And when things are scarce, they always cost more. You can see that reflected in rising rents across the state: in the last five years, typical rents have gone up by 21 per cent in Melbourne and 40 per cent in regional Victoria.

We know the best thing we can do to make rental properties more affordable for more Victorians is build more of them. That's why the work this *Housing Statement* does to boost supply is critical for renters – because it's only when housing is abundant that it'll also be affordable. In other words, it's only by supplying more rental properties – not taking them off the market – that we'll be able to make renting where you want to live more affordable, for more people. In total, we anticipate 230,000 additional rental properties will be added to the Victorian market over the next ten years – that includes 70,000 facilitated by the measures outlined in the Housing Statement.

At the same time, everyone deserves the chance to have a safe, secure and affordable home – whether you own it or not. Repairs should be done properly, and quickly. Options for resolving disputes should be easy to access, quick and fair, and not too costly. Real estate agents and property managers should be held to professional standards, and renters should be taken seriously by them. Tenants should have certainty over their leases, and support with their finances. And applying for a rental property should be an easy, fast and fair process.

Victoria already has some of the strongest rental protections in the country. The Andrews Labor Government has worked hard to expand and protect renters' rights, with more than 130 reforms already in place. We've introduced minimum standards, so every renter has the right to the basics that matter: a working heater, hot and cold water, and lockable doors and windows. We've made it easier to do the little things that make a house a home – like hanging a picture, or owning a pet. And we've given renters more certainty with long term leases, fairer bonds and faster refunds, and annual rent increases – rather than unlimited ones.

But when it comes to protecting renters' rights, there's always more work to do to make sure tenants get a fairer deal.

Why rent control doesn't work long term

Rent control is a policy that, on the surface, appears to address the issue of affordable housing by limiting the amount landlords can charge for rent. But despite its intentions, international examples have shown rent control often worsens the housing crisis by discouraging investment in housing, reducing the quality of rentals and distorting the housing market.

Modern rent controls as we know them – also known as rent caps – came about during World War II as a way to try and deal with war-related migration and skyrocketing inflation. Since then, cities and states across the world have debated, introduced, amended and repealed different types of rent control measures. And the evidence from overseas paints a bleak picture for renters, especially as time goes on.

In San Francisco – a city known for its expensive housing – studies from Stanford University economists have shown that over time, rent control ultimately took crucial housing stock out of the market and drove up rents across the city. Landlords of rent-controlled properties started selling to owner-occupiers or moving their investments to other types of real estate, like condominiums, or newer, redeveloped buildings without rent caps.

In the long run, that did two things: it lowered the overall supply of rental housing by around 15 per cent, and it shifted San Francisco's properties towards more expensive ones catering to people on higher incomes. Rent control is estimated to have raised rents in San Francisco by 5.1 per cent – effectively kicking the problem down the road for the city's future renters. In Stockholm, Sweden, where strict rent controls have been in place for decades, reports of long queues for scarce housing aren't uncommon.

Rent controls in New York City tell another story on top of reduced housing supply. Evidence has shown that rent controls have had a significant impact on the quality of rental housing stock in New York. Landlords, unable to charge market rent to cover maintenance and repair costs, may defer necessary upkeep, resulting in deteriorating living conditions for tenants. Rent controlled homes in Manhattan have been found to be 9 per cent more likely to be deteriorating or dilapidated.

In contrast, studies examining rent control repeal in Massachusetts show that towns in the Boston metropolitan area experienced increases in both rental supply and housing maintenance after rent control was abolished.

We know that when things are scarce, they always cost more. This year, rental vacancy rates in Melbourne hit an historic low of just 0.8 per cent. In June, the total number of rental listings dropped by nearly 23 per cent in comparison to the same time last year. At the same time, median rent for a house hit a record high of \$520 per week. It's clear the cost of renting keeps going up because we don't have enough rental properties for all of the people who need them.

If we take more rental properties off the market – at a time when we already don't have enough to go around – the pressure on Victorian renters will get much worse in the long run. And inevitably, that's what a government-imposed cap on rental prices would do. Without a national scheme, rent caps in Victoria would discourage investment in rental housing stock – providing a powerful incentive for investors to take their money out of real estate here and put it elsewhere. When those investment properties are sold, there's no guarantee that they'll remain rentals – and the experience overseas shows they often don't.

At the end of the day, it comes down to this simple proposition: as long as rental supply is low, rental prices will stay high. And Victorian renters deserve a better deal than that.



What we'll do

Restrict rent increases between successive fixed-term rental agreements

We'll restrict rent increases between successive fixed-term leases, cracking down on an emerging trend which has seen some landlords evict tenants at the end of their first fixed-term lease in order to raise the rent substantially when re-listing the rental property. If agents or landlords are issuing a new lease after they've evicted previous tenants on their first fixed-term one, they'll have to offer the property at the same rent for at least 12 months. It'll reduce the incentive for landlords to churn through renters by evicting them, and give renters more certainty over their living arrangements.

Ban all types of rental bidding

In 2021, we made it illegal for real estate agents or landlords to solicit or encourage higher offers than the advertised price of a rental property. But a tight rental market with vacancy rates at record lows has put an incredible amount of pressure on prospective tenants. More and more, we're seeing people make their own unsolicited bids – either to pay more weekly rent or to pay more than four weeks in advance – to try and give their applications a competitive edge. We'll level the playing field for renters by closing this loophole and banning all types of rental bidding for good. We'll make it an offence to accept bids, and introduce tougher penalties for agents and landlords who break the law.

Establish *Rental Dispute Resolution Victoria*

With more people in Victoria renting than ever before, it's inevitable that the number of rental disputes has increased, too. Often, a rental dispute can be just one of a range of cost of living pressures a renter could be facing. And when that happens, a quick resolution can make a world of difference. But you shouldn't have to end up at VCAT to have simple repairs done, or to get the money you're owed. VCAT should be a last resort for tenants and landlords, not the first stop.

We'll establish *Rental Dispute Resolution Victoria*, providing a one-stop shop for renters, agents and landlords to resolve tenancy disputes over rent, damages, repairs and bonds. It'll have a clear pathway to settle issues in a faster, fairer and cheaper way – freeing up VCAT for more serious or complicated matters.





What we'll do

Introduce a portable rental bond scheme

Anyone who's ever moved house knows costs can add up, quickly. And when you're between homes, every dollar counts. We'll build a portable rental bond scheme, where tenants can carry their rental bond from one property straight over to another – rather than having to pay a new bond each time. It'll ease the financial burden on tenants, who won't have to fork out a substantial amount of money every time they move – or wait until they've got their old bond back to pay their new one. It'll streamline the administrative process for agents and property managers, who handle dozens of rentals at any one time. And it'll create a more efficient rental market – which is good news for both renters and landlords.

Extend notice of rent increase and notice to vacate periods to 90 days

Rent increases and eviction notices can be incredibly distressing. Some renters facing increases may not be able to afford to stay where they are, and be forced to change their housing situation altogether. Evicted renters have to quickly figure out their next steps – including finding a new place to live, budgeting, packing, and coordinating logistics – all while dealing with the emotional stress of their changing situation. For families with children, eviction notices can be particularly traumatic. We'll give renters more certainty, and ease the stress evicted renters face, by extending notice of rent increases and notice to vacate periods to 90 days.

Introduce mandatory training and licensing for real estate agents, property managers owners corporation managers and conveyancers

Every real estate transaction involves significant financial investments and legal complexities, and renters often rely on agents to provide accurate information and advice. We'll introduce mandatory continuing professional development for real estate industry professionals – including agents, property managers, conveyancers and owners corporation managers. It'll mean better skills for real estate workers, encourage ethical conduct across the industry, and give renters the peace of mind they deserve.

Make rental applications easier and protect renters' personal information

Applying for a rental property should be a fast, fair, straightforward process. But the reality is many renters – who usually apply for more than one property at a time – can face a field of different demands for information, records or documents just so they can secure a place to live. We'll standardise rental applications, saving renters time and giving them a clear idea of what they can expect to be asked for during the application process. We'll also limit the kind of information agents or landlords can keep on file, and how long they can keep it for, better protecting renters' privacy and data.

Deliver a *Rental Stress Support Package*

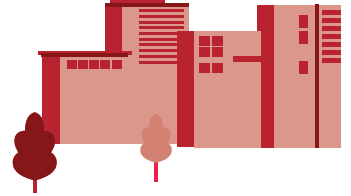
Right now, around five per cent of Victorian households are facing serious renting stress – meaning they're at risk of being evicted because they can't afford to pay their rent. There are a range of organisations who work tirelessly to prevent homelessness and help renters stay in their homes, providing legal assistance, financial information and advice, and advocacy services. We'll back their critical work for Victorians in need by delivering a \$2 million *Rental Stress Support Package* through the Victorian Property Fund. The package will help address the high demand for rental assistance these organisations are seeing, while we work to boost social, affordable and market housing supply across the state.



04

More social housing





More social housing

- Building up to 769 homes through the Commonwealth's *Social Housing Accelerator* – on top of 12,000 homes in the pipeline as part of our *Big Housing Build* and more than 4,000 social housing homes through other programs
- Retiring our ageing high-rise towers across Melbourne, to provide homes that are modern, comfortable and energy efficient
- Rapidly accelerating the rollout of social and affordable homes across Victoria

Every Victorian deserves a roof over their head – but for most, it means so much more than that.

It gives you a base to hold down a job, or to get a good education. It's also somewhere you can start a family – or keep your family safe.

Just like with the private housing market, the supply of social and affordable homes needs to keep up demand. As of June 2023, there are around 55,800 new applicants who have expressed interest in social housing in Victoria.

Our *Big Housing Build* is Australia's biggest ever investment in public and community housing. We're building more than 12,000 new homes throughout metro and regional Victoria. They'll be modern, energy efficient homes – cooler in summer and warmer in winter – saving tenants money on their power bills. They'll be delivered in partnership with local communities, for local communities. Innovative new projects like our ground lease model will unlock places to build upon, keeping residents in the communities they know and love. And in addition to the *Big Housing Build*, we'll provide a further 4,000 new, energy efficient social housing homes, through programs like the *Public Housing Renewal Program*.

On top of the thousands of new homes we're building across the state, we're upgrading and revitalising the ones that are already standing – so the people who live there can have the comfortable homes they deserve. We'll keep investing to upgrade more than 2,000 public housing homes per year.

We know it's getting harder to find a house in regional Victoria, and demand for social and affordable housing in the regions is growing. That's why, on top of the *Big Housing Build*, we're investing \$1 billion in a *Regional Housing Fund* to deliver more than 1300 new homes across regional Victoria. The new homes will include a mix of social and affordable housing – and we'll work with councils, regional partnerships and local communities to determine the right mix of stock and locations for each region.

We're also investing \$150 million in a *Regional Worker Accommodation Fund* to provide new housing options for regional communities where key workers are struggling to find affordable places to live. It's a critical investment that'll make their jobs more secure, and make it easier for local businesses to find and keep staff.

Victoria has the biggest social and affordable housing agenda of all of Australia's states and territories – and we've got the pipeline of skilled workers we need to build these homes thanks to our nation-leading investments in TAFE. But we know that when it comes to the dignity and security of a home for every Victorian, there's always more to do – and we'll get on with it.

This will change lives. It's not just an investment in bricks and mortar – it's an investment in Victorians for years to come.



Our progress on the *Big Housing Build*



Our \$5.3 billion *Big Housing Build* is delivering more than 12,000 social and affordable homes across metropolitan and regional Victoria – including more than 9,300 social homes.

- 820 construction sites across Victoria
- 10,000 jobs a year – with ten percent of work on large sites done through apprentices, cadets and trainees
- 7,600 homes are in planning or construction
- 2,800 households have either moved in or are getting ready to move in
- The BHB will deliver a ten percent increase in social housing dwellings in four years and construct new affordable rental homes across the state
- Ten percent of all dwellings will support Aboriginal housing needs
- 1,000 homes will support victim survivors of family violence
- 2,000 supported homes will be provided for people experiencing mental illness
- All homes will meet 7-star NatHERS efficiency standards
- Twenty five percent of the investment will be in regional Victoria
- The BHB makes up roughly 7 per cent of the residential construction pipeline in Victoria
- As at May 2023, more than \$1 billion has been invested across regional Victoria
- As at May 2023, the BHB has generated more than 28,000 jobs from development work that has been completed (8,758) or is underway (20,013)

What is the Ground Lease Model?

Our Ground Lease Model is the first of its kind for Victoria. Through a partnerships approach, public land is leased from Homes Victoria to a project group who finance, design and construct new housing.

Community housing providers will manage and maintain the sites for 40 years, before handing the land, and all dwellings, back to Homes Victoria. Under this model, the land is retained by the Victorian Government.

Ground lease sites will deliver social, affordable, specialist disability and market rental homes that are welcoming, secure and meet modern design and accessibility standards. Importantly, the sites will feature spaces to support diverse, inclusive communities in well-located areas where people want to live – not isolated concrete enclaves. These sites will be home to community rooms, artists' studios, social enterprise tenancies, active open spaces, communal gardens and pocket parks.

Currently, there are two Ground Lease Model project stages underway which will deliver 2,500 new homes and around 9,000 jobs. The first stage includes three sites due for completion in early 2024 and includes locations at Bangs Street in Prahran, New Street in Brighton and Victoria Street in Flemington. Planning for the second Ground Lease Model stage is underway, and will include locations at Bluff Road in Hampton East, Barak Beacon in Port Melbourne, Horace Petty in South Yarra and Essex Street in Prahran.







What we'll do

Launch Australia's biggest ever urban renewal project

Melbourne's high-rise public housing towers were built after World War II, between the 1950s and 1970s. They're reaching the end of their useful lives, and no longer fit for modern living. Constructed at a time that pre-dates current building codes, the towers no longer meet the minimum standards Victorians expect – including many of Victoria's Better Apartment Design Standards. The towers fail against noise, sustainability, waste and recycling, bedroom area dimensions, room depth, ventilation, private open space, accessibility and minimum amenity standards. Substantial investment would be needed to retrofit the towers. But even then, their design means that many tower homes would never be able to meet contemporary codes, nationwide energy rating schemes or accessibility needs for many households.

We'll launch Australia's biggest ever urban renewal project: retiring and redeveloping all of Melbourne's 44 ageing high-rise public housing estates by 2051. Starting with towers in Flemington, North Melbourne and Carlton, we'll bring forward a program of works to progressively retire each tower and redevelop each site.

Not only will the redevelopment mean households will move into a new home that meets every modern building standard – it'll boost the overall number of social homes across these sites by 10 per cent, while also boosting the number of affordable and market homes across the sites. There are currently around 10,000 people living across the 44 towers. Once we've redeveloped them, we anticipate around 30,000 people will live across these sites.

Build 769 more homes through the *Social Housing Accelerator*

On top of our *Big Housing Build*, we'll build up to 769 new social housing homes over the next five years with funding from the Commonwealth Government's *Social Housing Accelerator*. Announced in June this year, the *Social Housing Accelerator* is a \$2 billion investment in new social homes across Australia, with \$496.5 million provided for new homes across Victoria. We'll use this funding to build 769 new homes including low density developments on Homes Victoria owned land, as well as medium and high density developments on Victorian Government owned land. We'll also examine site spot purchases we can make across the state for further developments. This funding will support the redevelopment of the two towers in Carlton.

Invest \$1 billion in the *Affordable Housing Investment Partnership*

We'll invest \$1 billion in the *Affordable Housing Investment Partnership* (AHIP) program, providing low interest loans and government guarantees to finance social and affordable housing for Victorians that need it most – including projects that provide affordable housing for essential and key workers. The new AHIP expands on the previous Building Financial Capacity of Housing Agencies (BFCHA) initiative, bringing the total funding available up to \$2.1 billion. This is the first time that government low interest loans and government guarantees are available in Victoria for affordable housing as well as social housing.



What we'll do

Buy off-the-plan to boost social housing stock

Developers need a certain level of apartment pre-sales before a housing project can commence construction – which can often add delays to new projects kicking off. We'll explore opportunities to buy pre-sale off-the-plan apartments in medium and high density developments to boost Victoria's social housing stock. We'll consult with industry on opportunities to buy at scale through spot purchasing. And we'll buy directly from project proponents, making sure we don't reduce stock in the market.

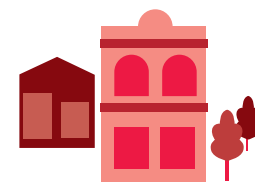
Headleasing leftover apartments

When a development project is finished, there are often a small number of units that don't end up being sold or leased. This means there could be as many as several thousand apartments left empty right now that could make a home for someone. Industry feedback suggests there may be opportunities for long-term headleases of these leftover apartments at social housing rental rates to support families who need social and affordable housing. We'll call for expressions of interest to test market appetite to add some of these apartments to our supply of social and affordable housing and help reduce the waiting list. The approach to market is not intended to subsidise developers beyond current social housing rental arrangements, or affect Homes Victoria's financial position.

05

A long-term housing plan





A long-term housing plan

- A planning strategy to guide how our state grows and develops in the coming decades
- Long-term reform to create a modern, fit for purpose planning system that works with Victorians – not against them

We know our state will keep growing – and we know we'll need a plan to manage that growth.

We'll need a long-term vision for what our cities, suburbs and regions look like in the future. We'll need a clear framework for how our communities grow, how to build homes where Victorians want to live, and how to attract future investment. And we'll need a modern, fit-for purpose planning system that works for Victorians – not against them.

At the same time, we'll need to make sure Victoria is moving in step with the rest of the country, as we work with the Commonwealth Government and other states and territories to deliver the nation's housing accord.

This *Housing Statement* forms the first step of that work, not the last. By acting now, we can work together as a state to set a vision for the future, building on what we love for future generations. And as part of that work, it's important that as many Victorians as possible can have their say on how our state grows in the years to come. It makes sense that when you listen to people, you get better outcomes. We want Victorians to come together and be part of the solution in planning for our future challenges – including industry, councils and local communities.

We'll keep working with Victorians to make sure people have affordable homes, where they want to live and work, well into the future.



What we'll do

A new plan for Victoria

We'll update *Plan Melbourne* – the Victorian Government's current metropolitan planning strategy spanning 2017-2050 – and expand it to cover the whole state. A new plan for Victoria will set into action what our state will look like over coming decades. It'll focus on delivering more homes near transport, job opportunities and essential services in vibrant, liveable, and sustainable neighbourhoods.

A new plan for Victoria will bring to life our target for 70 per cent of new homes to be built in established areas, while making sure growth areas deliver 30 per cent of new homes. We will establish local government targets for where those homes will be built. The plan will set our regions and rural areas up to thrive. We'll kick off initial industry consultation in the coming months, with broad and comprehensive community engagement to ramp up at the start of next year.

Build a modern, fit-for-purpose planning system

We'll review and rewrite the *Planning and Environment Act 1987* to build a modern, fit-for-purpose planning system. We'll look to establish and clarify timeframes for decisions, as well as looking at the roles and responsibilities of everyone involved in our planning system – including councils, the Minister for Planning, the Victorian Planning Authority and the Department of Transport and Planning.







