

MAKE HOUSING AFFORDABLE

THE GREENS' PLAN TO TRANSFORM OUR HOUSING SYSTEM

Everyone should have a place to call home.

But in Victoria the housing market is broken. Labor and the Liberals have given big property developers tax breaks and special deals, handing them huge profits instead of making sure everyone can have an affordable home.

Now an entire generation is being locked out of affording their own home while rents are rising fast. Too many renters are facing impossible choices between paying rent and putting food on the table or turning on the heater.

More than 100,000 Victorians are waiting for public housing, 25,000 people are experiencing homelessness and thousands more are living in insecure and unaffordable homes. It's time to think differently.

Just like we invest in health and education, we can invest in the housing system to make housing affordable.

THE GREENS' PLAN:

- ▲ **Build 200,000 new public and affordable homes**
- ▲ **Make developers set aside 30% of all new large developments for affordable homes for first home buyers**
- ▲ **Introduce a social and affordable housing levy so developers contribute fairly to affordable housing**
- ▲ **Limit rent increases to stop out of control rent rises**

PAYING FOR OUR PLAN

The Greens will make the big banks, property developers and the gambling industry pay their fair share of tax so we can invest in climate action, affordable housing and public services for all.

Our plans will also be paid for by spending smarter and making our state borrowings work for the community.

200,000 NEW AFFORDABLE HOMES

Tackling the housing crisis needs a bold plan. The Greens have a plan to create 200,000 new public and affordable homes within the next 20 years and make housing affordable for all of us, whether you're renting in the private or public market or preparing to buy your first home.

AFFORDABLE HOMES FOR FIRST HOME BUYERS

First home buyers are all too often competing with cashed-up investors when looking to buy a home. Even after saving a deposit or being eligible for a grant, investors can easily outbid those trying for their first home.

As part of our plan for 200,000 new affordable homes, the Greens will require property developers to set aside 30% of homes in developments of 50 or more dwellings as affordable homes specifically for first home owners.

These homes will be priced at 80% of the market rate, and will only be available for first home owners who will live in the home for at least three years. Resale of the homes will be on similar terms. First home owners can also

access the Victorian shared equity scheme for these homes. Developers will not receive planning approval for major housing developments unless these affordable first home buyer homes are included in their projects.

These types of planning controls are used in many major cities around the world, where property developers are required to set aside a portion of new homes for affordable housing. In Cambridge, Massachusetts, 20% of the residential floor area in a 10+ unit building must be allocated for affordable units.¹ In New York City, 20-30% of homes in designated developments need to be affordable for the average area median income.² And in South Australia, major developments in designated affordable housing zones need to provide 15% affordable housing.

But in Victoria, developers have been given free rein over our housing system, allowing them to maximise their profits instead of contributing to affordable housing. There is currently no requirement for developers to allocate any portion of a new development for affordable housing. Instead, we are left to rely on the

¹ City of Cambridge, Massachusetts, [Inclusionary Housing Program for Developers](#).

² New York City Department of City Planning, [Mandatory Inclusionary Zoning](#).

goodwill of individual developers willing to create affordable homes.

At the Arden Street Precinct in North Melbourne, for example, the planning controls “support and encourage” at least 6 per cent of all dwellings to be affordable, but do not mandate any affordable housing. But under the Greens’ proposal, at least 4500 of the 15,000 new residents in the Arden precinct would be first home buyers living in an affordable home.

Similarly, if our proposal for mandatory first home buyer homes was applied to the Fishermans Bend renewal project, 24,000 residences would be made available to first home buyers.

Our plan will help first home owners buy affordable homes in the areas they want to live.

The Greens will also investigate the best ways to better support community land trusts to provide alternative means for communities to provide affordable housing.

MORE PUBLIC HOMES

Just like public health and public education, governments have a responsibility to make sure everyone has a safe and secure place to call home. But successive governments have neglected public housing for decades, with no net increase in the number of public homes for more than a decade.

Victoria’s track record on public housing is extremely poor. We are the second lowest spending state on social housing, and just 2.9% of homes in Victoria are public or community housing - the lowest percentage in the country,

and worse than when the Labor government was elected in 2014.³

Today, a record 120,000 people are on the public housing waiting list and many more are living in housing stress or experiencing homelessness.

The Labor Government’s Big Housing Build was a long overdue investment in housing in Victoria. But the 12,000 social and affordable homes created through the program will only scratch the surface of the waiting list.

The majority of these homes will be privately managed by housing associations, with weaker protections and higher rents than in public housing. Many of these new homes will be built on public land that has been carved up and given to private developers for private housing.

Academics, policymakers and housing advocates agree that tackling the affordability crisis requires a massive investment in more public housing.

The Greens’ plan will see 100,000 new public homes built over the next decade, with more in the decade to follow. These modern homes will be sustainable and fully accessible, and located in line with demand as indicated by the geographic zones on the Victorian Housing Register. Existing government-owned land will be utilised as a priority, and a dedicated land purchasing program will be developed. This will result in both the land and homes becoming assets of the state government and therefore a productive asset.

We would work with First Nations communities on providing community-controlled and

³ Australian Institute of Health and Welfare, [Housing Assistance in Australia](#), page 18.

appropriate housing for First Nations people and families.

Our plan would ensure appropriate housing options for young people, women, the LGBTIQ+ community, older people and people with disabilities.

The Greens' plan would see an initial investment from the state government of \$6 billion over the next 4 years and would ensure the existing Big Build projects are, as much as possible, redirected towards public housing. Going forward, the new homes would be financed through a mix of state government and Commonwealth investment.

Addressing the housing crisis facing Victoria is a good use of state debt. The government is currently spending around \$25 billion on two toll roads - almost five times what it is spending on building affordable homes.

SOCIAL AND AFFORDABLE HOUSING LEVY

Earlier this year, the Labor Government spectacularly backed down on its plans to introduce a social and affordable housing contribution. The levy was designed to capture a small portion of profits from new housing developments with three or more dwellings or lot subdivisions. The money raised would have gone to the existing Social Housing Growth Fund for much-needed new affordable housing. But the government walked away after just five days, after the property industry refused to support it.

This backdown shows that the government is more interested in keeping the property industry

happy than ensuring it provides enough affordable housing for everyone.

We'll push to make developers contribute to fixing the housing crisis by introducing the social and affordable housing levy for all developments of three or more dwellings, excluding those required to set aside homes for first home buyers. The levy will be charged at a rate of 2.5% of the as-if-complete value of the development and will raise \$2 billion over the next decade. These funds can be used to fund the construction of thousands of new affordable homes.

Our plan would also remove the land tax exemption for build-to-rent developments that do not provide rentals at an affordable rate.

We will also continue to work with our federal colleagues to push the federal Labor government to reform negative gearing and capital gains tax. These tax concessions help investors and hurt first home buyers.

CONTROLLING RENT INCREASES

Almost 30% of Victorians rent their home. But rents are rapidly rising as the cost of living crisis worsens. In the last year in Melbourne, rents have increased 7.5% from June 2021 rates⁴ - three to four times the rate of wage growth. And one in three Victorian renters are in housing stress, spending more than 30% of household income on rent.⁵

In cities around the world, rent controls help protect renters from unfair rent hikes. In San

⁴ CoreLogic Quarterly Rental Review Report July 2022.

⁵ Australian Bureau of Statistics, [Census 2021](#).

Francisco, where the majority of units are rent controlled, rent increases are determined by the San Francisco Rent Board. In 2022 the Board capped rents at 2.3%.⁶ In Dublin, rental properties in Rent Pressure Zones have their rental increases capped at 2%, or at the rate of inflation where it is lower than 2%.⁷ And the ACT caps rent increases at the rate of inflation in Canberra rentals plus 10%.⁸

But in Victoria, rent increases are left to the discretion of the landlord and property manager. And if your rent suddenly skyrockets, your options are to complain to Consumer Affairs or go to VCAT to try and get it reduced. Or try and find another rental - which, with the record low vacancy rate, is almost impossible.

The Greens will introduce limits on how much your rent can increase each year. We will limit rent increases to the rate of the wage price index, which is currently 2.5%.

Limiting how much rents can be increased will help keep rents affordable and renters out of housing stress, and stop renters having to move out due to high rent. Wage increases are an appropriate standard as they are an indication of the ability of renters to afford their rent.

HOW THE GREENS HAVE BEEN FIGHTING FOR YOU

It was pressure from the Greens and the community that forced the Labor government to rethink its failed public housing renewal project and finally make an investment in social housing.

The Greens were instrumental in ensuring there was a moratorium on evictions and a ban on rent increases during 2020, making life a little bit easier for many renters during that difficult time.

We have consistently held the government to account for its under-investment in public housing and its poor treatment of public housing tenants.

Our offices have helped thousands of public housing tenants and renters and over the years to exercise their rights.

We'll never stop fighting for everyone to have a home.

FIND ALL OUR POLICIES:

greens.org.au/vic/platform

⁶ City and County of San Francisco, Residential Rent Stabilization and Arbitration Board. [Allowable Annual Rent Increases](#), November 2021.

⁷ Residential Tenancies Board, [Rent Pressure Zones](#).

⁸ ACT Civil & Administrative Tribunal, [Rent increases](#).