

The future of

HOUSING IN VICTORIA

VICTORIAN GREENS
HOUSING STATEMENT



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www.greens.org.au/vic/housing

The Victorian Greens respectfully acknowledges the Traditional Owners and Custodians of the Country on which we work. Indigenous sovereignty has never been ceded in Australia and we are mindful of this in everything we do, given our focus on building a better future for all of us.

The Greens' plan for the future of housing in Victoria.

EVERYONE SHOULD HAVE A SAFE, SECURE AND AFFORDABLE HOME.

Yet right now more people are in housing stress than ever before.

More than 120,000 people are on the public housing waiting list, 30,000 people are homeless in Victoria every night and renters—who are being hit with unlimited rent hikes—are experiencing record levels of housing stress.

This is happening because successive Victorian and federal governments have commodified housing as an investment rather than a human right, giving special treatment to property developers and investors whose bottom-line is profit, not building enough homes people can afford.

Just like other essential services such as public health and education, governments should have a responsibility to provide affordable housing.

The Victorian Greens Housing Statement is a comprehensive set of real solutions to the housing crisis for a better future for housing in Victoria, including:



DR SAMANTHA RATNAM

MP for Northern Metro,
Leader of the Victorian Greens

- ▲ **An immediate freeze on rent increases, followed by ongoing rent caps:** unlimited rent increases should be illegal.
- ▲ **Real improvements to renters' rights:** that make renting secure, including regulating short stays, to make more homes available.
- ▲ **Building 100,000 new public homes over the next decade:** to give all Victorians a safe and secure home.
- ▲ **Making property developers build their fair share:** by requiring 30% public and affordable homes in new developments and 50% in special development zones.
- ▲ **A new public builder:** to create thousands of public homes.

To fix the housing crisis, we need these bold housing reforms, not more of the same.

We must act now to put people and our communities before private profit.



GABRIELLE DE VIETRI

MP for Richmond,
Spokesperson for Renters' Rights

1. Rent controls

UNLIMITED RENT RISES SHOULD BE ILLEGAL.

Too many renters are just one rent rise away from housing stress or homelessness. Others are being forced to compete for substandard homes, offering more than they can afford just to get a roof over their head.

To protect them from out-of-control rent rises, renters need a two-year rent freeze, followed by a permanent cap on rent increases.

A rent freeze is a strict pause on rent rises to keep rents at a set price. Freezing rents will give wages a chance to catch up, and capping increases after that will ensure that renting remains affordable and secure into the future.

Many places around the world have some form of rent control:

- ▲ **Scotland** froze rents for 12 months in 2022 and now has an ongoing cap of 3%.¹
- ▲ The **ACT** links rent caps to inflation.²

- ▲ **Germany** has a nation-wide cap based on size, location and quality of the property.³
- ▲ Certain properties in **New York** have a permanent freeze on rent increases.⁴
- ▲ There is a 2% cap in “Rent Pressure Zones” in **Ireland**.⁵
- ▲ In **China**, urban areas have a 5% cap.⁶
- ▲ In **Denmark**, a new cap of 4% was introduced after an inflation-linked cap saw rents rise too quickly.⁷

VICTORIA FROZE RENTS FOR A YEAR DURING THE PANDEMIC, WHICH WAS A LIFESAVER FOR SO MANY.

¹ Francisco Garcia, The Guardian, What happened during Scotland's rent freeze? Landlords fought back, 10 February 2023.

² ABC News, Economists say rental price caps are a 'viable' short-term solution to the housing crisis, but some fear it could backfire, 12 May 2023.

³ The Local, Tenants in Germany 'need more protection against rent hikes', 6 June 2022.

⁴ NYC Rent Freeze Program (<https://www.nyc.gov/site/rentfreeze/index.page>)

⁵ Rent increases in private rented housing (citizensinformation.ie)

⁶ Bloomberg, China Seeks to Cap Rising Home Rents in Latest Equality Move, 31 August 2021.

⁷ Rent increases in private rented housing (citizensinformation.ie)

TO MAKE RENTING FAIR, WE NEED TO:

- ▲ **Freeze rents for two years**, followed by a **permanent cap** on rent increases of 2% every two years:
 - Rent control must be linked to the property, not the tenant, to avoid tenants being evicted to allow for rent increases.
 - A rent freeze rate should be at a retrospective rate and commence immediately to prevent landlords from increasing prices in response to speculation or announcements.
- ▲ **Index rents for new rental properties** to ensure that appropriate rental prices are set from the start.



3 out of 4
Australians support
rent controls⁸

⁸ The Guardian, Essential poll: three in four Australians say rents should be capped to inflation or frozen until economy improves, 22 August 2023.

2. Building more affordable & good quality homes

SOLVING THE HOUSING CRISIS MEANS MAKING DEVELOPERS BUILD THEIR FAIR SHARE OF GENUINELY AFFORDABLE HOMES.

For decades, state governments have tried to convince us that boosting private housing supply is the only panacea to housing affordability. They have progressively weakened planning rules and curtailed community involvement in shaping their neighbourhoods.

But this approach has failed, leading to the worst housing crisis in decades. We must now tackle the *real* supply problem – that our housing system is not producing enough *genuinely affordable* housing.

Developers must be made to build their fair share of affordable housing.

Developers aren't required to designate any fraction of new developments for affordable housing. Instead, our system relies on voluntary targets that developers can easily disregard.

It's not right that we have a housing system that favours billionaire developers, building expensive private investment properties, amid a housing crisis. Any plan to increase supply without mandatory affordability requirements will bolster developer profits, while making the crisis worse.

TO INCENTIVISE THE RIGHT TYPE OF SUPPLY, WE NEED AN INCLUSIONARY POLICY THAT WILL:

- ▲ Require a **minimum 50% public and affordable housing** within any **special development zones** within state planning control.
- ▲ Require a **minimum 30% public and affordable housing** in developments of 15 or more homes **across the state**.

What is affordable housing?

- ✓ Affordable homes should be **genuinely affordable** to those who live in them. This means rent should be no more than 30% of income.

What is not affordable housing?

- ✗ Market rate
- ✗ More than 30% of a tenant's income
- ✗ 30% of median income

3. Faster, better planning

Local government is increasingly being blamed for a shortage in housing supply – but this is far from the truth.

Our local councils are already encouraging significant supply and are approving the vast majority of planning applications that come before them.

- ▲ Inner city councils approve 88-99% of planning applications.¹⁰
- ▲ In 2022-23 councils received 43,597 planning applications – but only refused 1,374.¹¹
- ▲ Across the state, about 37,000 multi-unit dwellings are approved for development each year – but about 25% of these are never commenced.¹²

It's clear that any delay in housing construction is not due to councils blocking permits or taking too long to assess applications. Instead delays occur when developers sit on permits and only begin construction when they can maximise their own profits.

Rather than taking planning power away from councils, there are other tools governments can use to improve the speed and the quality of

housing development in Victoria. For example, Merri-bek's Design Excellence Scorecard sped up the approvals process for developments that met benchmarks for building design, accessibility, sustainability and community benefit.

DEVELOPMENTS APPROVED THROUGH THE SCORECARD INCLUDED 36 AFFORDABLE HOUSING DWELLINGS, 285 DWELLINGS MEETING ACCESSIBILITY STANDARDS, AN AVERAGE 7.5 STAR ENERGY RATING AND 100% GAS-FREE HOMES.¹³

It's possible to introduce incentives for good planning that will increase the supply of good quality, affordable housing **without stripping local government of their planning powers.**

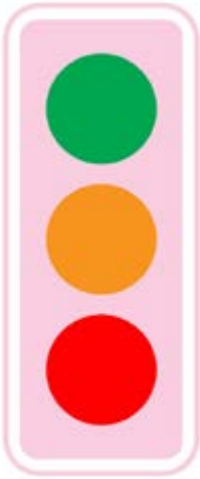
¹⁰ The Age, Housing crisis: Is talk of NIMBYs and council red tape a red herring?, 2 June 2023.

¹¹ Department of Transport and Planning, Planning permit activity reporting, Activity and Outcomes, 1 July 2022 - 30 June 2023.

¹² The Age, Housing crisis: Is talk of NIMBYs and council red tape a red herring?, 2 June 2023.

¹³ Merri-bek City Council, Design Excellence Scorecard - Trial Outcomes and Recommendations, 9 February 2022.

A NEW TRAFFIC LIGHT SYSTEM will incentivise better development by offering shorter timeframes for good quality, affordable developments:



Green light developments go above and beyond minimum standards and guidelines for development, and include high proportions of affordable housing, high sustainability measures like 8+ NatHERS ratings, and a defined community benefit like a park or other open green space. Green developments will get access to sped-up planning approval pathways of just **45-60 days**.

Orange light developments improve on the minimum standards in some aspects but not others. Orange developments can access the **standard 60 day** approval time period.

Red light developments meet the bare minimum standards and do little to improve affordability, sustainability or to benefit the community. Red developments will take **at least 90 days** for approval.

Better apartment design

While building thousands of new affordable homes is a part of solving our housing crisis, the new homes have to be homes people want to live in. Apartment design in Victoria has not kept up with the increase in medium and high density living, and there have been too many small, dark, dog-box apartments built on the cheap across the city. **Developers have little motivation to improve sustainability or go beyond the minimum standards**, meaning our homes are not ready for our changing climate and are often built poorly, leading to defects.

We need stronger mandatory apartment design standards to improve the quality, sustainability and safety of apartments in Victoria including:

- ▲ new minimum apartment sizes and a medium–high density design code;
- ▲ 8 star energy standards for new buildings, increasing to 10 stars by 2030; and
- ▲ other mandatory sustainability standards.

4. Building public homes

VICTORIA'S PUBLIC HOUSING SYSTEM IS CRUCIAL - BUT IT'S BEEN NEGLECTED AND ABANDONED BY GOVERNMENTS FOR TOO LONG.

Public housing is a public service and a public asset, just like schools and education. For decades in the mid-20th century, governments responded to the need for more affordable housing by building thousands of public homes.

These governments built public housing because it is the most direct and effective way of making housing affordable. More public homes means fewer people pushed into homelessness and fewer people needing to compete in the private rental market. This reduced demand increases the supply of private rental homes, making renting more affordable.

But successive Victorian Governments have retreated from their obligation to provide affordable housing.

- ▲ The public housing waiting list has grown to a record 58,131 applications, meaning about 130,000 adults and children are waiting for a public home.¹⁴
- ▲ Wait times have blown out to 16.5 months for priority applications and 20.2 months for priority applications due to family violence.¹⁵
- ▲ Victoria spends just \$99.7 per person on public housing, the second lowest in the country.¹⁶

IN 1956, 22% OF NEW HOUSING IN AUSTRALIA WAS PUBLIC HOUSING. IN 2022, IT WAS ONLY 1.7%.¹⁷

¹⁴ Homes Victoria, Applications on the Victorian Housing Register.

¹⁵ Department of Treasury and Finance Victoria, 2023-24 State Budget, Budget Paper 3 page 192.

¹⁶ Productivity Commission, Report on Government Services, Part G: Housing, 2023.

¹⁷ ABS, Building Activity, Australia, March 2023.

Without government investment in providing enough homes for everyone, our housing crisis has steadily worsened.

The best way to end homelessness and solve the housing crisis is to provide enough affordable housing for everyone - and the best kind of affordable housing is public housing.

VICTORIA NEEDS:

- ▲ A big build of **100,000 new public homes** over the next decade.
- ▲ To **reverse the sell-off** of public housing and **privatisation** of public land.
- ▲ **Improved maintenance and complaints processes** for public tenants.
- ▲ **A new public builder**, to build public homes for Victorians at cost.

A new public builder

In the post-war period, state governments shouldered the responsibility of housing construction, building thousands of homes for everyday Victorians.

But today our system relies on expensive contracts with private developers to address housing demand. Under this model, despite billions being spent, only 74 extra homes have been added to Victoria's social housing stock in the last 4 years.¹⁸

We cannot afford to leave Victoria's housing program to the whims of the private profit-seeking property sector any longer.

Victoria needs a government builder – similar to the Housing Commission.

It would be responsible for the direct construction of 100,000 public homes over the next decade, at cost, to build the homes we need. The new public builder would help stabilise Victoria's building industry through well paid jobs and the opportunity to strengthen building standards across the industry.

¹⁸ The Guardian, Victoria's social housing stock grows by just 74 dwellings in four years despite huge waiting list, 17 March 2023.

Public, community and social housing



Public housing is housing that is owned and managed by the government and where residents' rights are protected by law. It requires that rents be no more than **25% of tenant's income** and tenancy is continuous.



Community housing is housing that is managed by non-government organisations. Community housing providers are allowed to **charge tenants higher rents and provide different lease conditions** to public housing. While it's often tailored around the needs of specific groups and continues to provide a valuable service, community housing was never meant to replace public housing.



Social housing is an umbrella term used by governments to describe the combination of both public and community housing. But without any plans to build more public housing, social housing is essentially another term to describe community housing.

5. Ending homelessness

THE SIMPLEST AND MOST EFFECTIVE WAY TO END HOMELESSNESS IS TO PROVIDE ENOUGH AFFORDABLE, LONG-TERM HOUSING FOR EVERYONE.

But in Victoria our chronic shortage of affordable homes means that homelessness is on the rise – and getting worse every day.

- ▲ There are about 30,000 people experiencing homelessness in Victoria – an increase of 24% from 2016.¹⁹
- ▲ In Victoria 1 in 64 people received homelessness assistance in 2021-22 – higher than the national rate of 1 in 94.²⁰
- ▲ 25% of people experiencing homelessness in Victoria are aged between 12 and 24.²¹

Homelessness is solvable - we have the tools and resources to provide enough homes for everyone. But for years governments have deliberately put homelessness in the too hard basket and spent public money on everything except the proven solution to homelessness – more public and affordable housing.

IN VICTORIA WE SPEND MORE ON BUILDING NEW TOLL ROADS THAN ON PROVIDING MORE PUBLIC HOUSING.

Finland reduced street sleeping to zero by simply creating enough affordable housing. **We can do the same here.**

TO SOLVE HOMELESSNESS VICTORIA NEEDS:

- ▲ A **legislated goal** to end homelessness in Victoria by 2030.
- ▲ The **right to housing** in Victoria's human rights charter.
- ▲ Long-term provision of affordable housing through the **Housing First Model**, including 100,000 new public homes and 30% inclusionary zoning statewide.
- ▲ **Long-term guaranteed funding** for homelessness services and funding for specialised housing for high-risk and vulnerable cohorts.

¹⁹ ABS, Estimating Homelessness: Census 2021 and 2016.

²⁰ Australian Institute of Health and Welfare, Specialist homelessness services 2021-22: Victoria.

²¹ ABS, Estimating Homelessness: Census 2021 and 2016.

6. Freeing up empty homes

AUSTRALIA NOW HAS MORE DWELLINGS PER ADULT THAN AT ANY OTHER TIME IN OUR HISTORY, AND YET AFFORDABILITY IS THE LOWEST IT HAS EVER BEEN.²²

On census night in Victoria 11.1% of homes, or 300,000 properties, were vacant. While not all of these homes are empty all year round, this is still a lot of empty buildings.

Victoria's Vacant Residential Land Tax is currently ineffective because:

- ▲ It requires a property owner to self-declare vacancy,
- ▲ is only in effect in 16 local government areas, and
- ▲ is too low, at only 1% of a property's capital improved value.

TO INCENTIVISE OWNERS TO RENT OUT OR SELL VACANT PROPERTY, THE VACANCY TAX SHOULD BE REFORMED TO:

- ▲ **Increase the rate to 3%** of a property's capital improved value.
- ▲ **Expand the tax** to all of metropolitan Melbourne.
- ▲ **Increase compliance**, with all properties owners liable unless they declare occupancy or lease and provide evidence, and strong penalties for false declarations.

²² Everybody's Home, Brutal Reality: The Human Cost of Australia's Housing Crisis, July 2023.

7. A housing tax system for people not investors

OUR HOUSING SYSTEM IS DESIGNED TO MAXIMISE PROFITS FOR PROPERTY DEVELOPERS AND INVESTORS INSTEAD OF CREATING AFFORDABLE HOMES FOR PEOPLE.

It's not just the vacancy tax that is broken – how housing and developers are taxed also creates barriers to affordable housing.

Governments have failed to fairly tax the big profits property developers rake in from new developments, or to effectively discourage property owners from leaving homes empty. In Victoria there is no requirement for developers to contribute any of their profits to affordable housing – instead they receive tax breaks from governments to build private market housing.

- ▲ Developers receive land tax exemptions for build-to-rent programs, where rent is typically 10-20% more than comparable apartments and where rent can be as high as \$900 a week.²³
- ▲ Federal property tax concessions will cost \$37.5 billion in lost revenue in 2023-24.²⁴

There is broad agreement among economists that moving from stamp duty to a broad-based land tax would help ease the housing crisis, as would reforming negative gearing and capital gains tax at the federal level.

- ▲ Stamp duty artificially inflates the cost of homes by charging people every time they move, and unfairly impacts young people and single women.
- ▲ Negative gearing and capital gains tax concessions will cost the federal government \$157 billion over the next 10 years and overwhelmingly benefit high income earners.²⁵

WE NEED TO:

- ▲ **Overhaul stamp duty** in favour of a broad-based land tax.
- ▲ Work with our federal colleagues to **reform negative gearing and capital gains tax**, which help investors and hurt first home buyers.
- ▲ **Ban political donations** from property developers at all levels of government.

²³ The Age, 'Melbourne is the epicentre of a new rental model. Will it work?' 7 December 2022.

²⁴ Parliamentary Budget Office, Implied budget cost of supporting rentals through investors' tax breaks, 3 August 2023.

²⁵ The Guardian, Tax concessions for housing investors to cost \$20bn a year within a decade, analysis shows, 3 November 2022.

8. Stronger renters' rights

With home ownership increasingly out of reach, many people are renting for decades, or even for life. For renters, their rental is their home – **yet renters still face insecure living and can be required to leave their home, and their community – for no reason.**

Renters can be evicted at any time if their landlord wants to move in, sell the property or renovate. They can also be asked to leave for no reason at the end of their fixed-term lease.

TO MAKE RENTING SECURE, WE NEED TO:

- ▲ Ensure all renters are given the option of a **secure, long-term five year lease.**
- ▲ **Allow renters to terminate a lease** with 30 days' notice.

- ▲ **Stop landlords evicting people without a reason** (“no-grounds notices to vacate”), even at the end of a lease.
- ▲ **Ensure a property can't be sold with vacant possession** unless the renter agrees to move out, otherwise the property must be sold with the tenancy.
- ▲ If a notice to vacate is issued so a landlord or family member can move in, **the property cannot be leased again for a period of two years** after the notice has been given.
- ▲ **Stop unfair real estate agent practices** by standardising the application process.

Ban rental bidding

A rental property should not be leased for more than the advertised rate.

Our weak laws encourage prospective tenants to compete against each other just to secure a home.

Rental bidding is exploitative. It disproportionately impacts people on low and fixed incomes who aren't able

to match other bids. Rental bidding pushes up average rental prices across the state.

To make renting fair, **rental bidding must be outlawed**, making it illegal for a landlord or agent to accept an offer higher than the advertised price.

9. Better rental standards

ALL RENTAL PROPERTIES SHOULD BE SAFE AND COMFORTABLE TO LIVE IN.

But too many rental properties are provided at well below a decent standard.

- ▲ Renters are left **sweltering** in summer and **freezing** in winter.
- ▲ Many renters report **health problems** with **mould, dampness** and **leaking roofs**.
- ▲ Others are battling **animal infestations** and have unresolved **plumbing** or **electrical** problems.
- ▲ Many renters are **afraid to request basic repairs** because of the power imbalance and the insecurity of renting.

OUR LAWS NEED TO STRENGTHEN MINIMUM STANDARDS TO INCLUDE:

- ▲ **Stronger onus and enforcement on landlords** to meet minimum standards and **respond to repairs** and maintenance.
- ▲ **Better heating requirements**, including removing gas as a heating option.
- ▲ **Mandatory cooling measures.**
- ▲ **Energy efficiency measures** like insulation and draught proofing.

10. Fixing dispute resolution

THE RENTAL DISPUTE SYSTEM IS OVERLOADED AT CONSUMER AFFAIRS AND VCAT.

Renters are waiting as long as two years to have a bond or rent dispute heard. Renter support organisations and community legal centres are at capacity and can't address the volume of tenants needing support.

The power imbalance between renters and landlords means that many renters don't pursue existing rights.

TO MAKE RENTING FAIR, THE SYSTEM NEEDS REFORMING TO:

- ▲ Adequately fund **free, accessible legal support** for renters.
- ▲ **Reverse the burden of proof for bond returns and repairs**, so that bonds are returned automatically unless landlords can prove there is a reason to withhold it, and maintenance is carried out unless the landlord can prove it's not reasonable.
- ▲ **Reduce waiting times** at VCAT and introduce **mandatory listing time frames** for all rental matters.
- ▲ Strengthen Consumer Affairs Victoria to **investigate and enforce** breaches by landlords, property managers and real estate agents.
- ▲ Introduce a **Housing Ombudsman** to mediate disputes and make binding resolutions.

11. Regulate short stays

WE NEED MORE HOUSING AVAILABLE TO FAMILIES AND WORKERS EXPERIENCING HOUSING STRESS.

Unregulated short stay accommodation allows investors to accumulate wealth by leasing out their second, third or even fiftieth property on platforms like Airbnb. This decreases vacancy rates and is impacting both metropolitan and coastal and regional areas where housing for essential workers, like childcare and hospitality staff, is already scarce.

- ▲ There are an estimated **60-80,000 short stay properties** in Victoria.²⁶
- ▲ In 2020 an estimated **4% of Australia's housing stock** had been listed on the short stays market.²⁷
- ▲ Residential vacancy rates hit **all time low** in April 2023 of 0.8%.²⁸
- ▲ 75% of short stays in greater Melbourne are **entire properties** and up to 97% of short stays in **regional Victoria** are entire properties.

Victoria needs stricter rules around short-term accommodation to ensure that homes aren't being used as lucrative income streams when they could be housing long-term tenants or owner-occupiers.

SHORT STAY REGULATIONS INCLUDE:

- ▲ Introduce a **cap of 90 days per year** that a property can be listed as a short stay.
- ▲ **Empower owners corporations** to regulate and ban short stays in their building.
- ▲ Establish **mandatory public register** of short stay properties and operators.

Regulating the industry will incentivise property owners to take their property off the short stays market and make it available for a long-term renter or owner-occupier.

²⁶ The Age, Tourism groups urge action on short-stay properties, 1 August 2022.

²⁷ The Conversation, Ever wondered how many Airbnbs Australia has and where they all are? We have the answers, 13 February 2020.

²⁸ Domain, Vacancy rates: April 2023.

To see all our detailed plans, visit:
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HOUSING IS A HUMAN RIGHT



**THE
GREENS**

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