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03 September 2009

The Hon John Brumby
Premier
Level 1, 1 Treasury Place
EAST MELBOURNE VIC 3002

Dear Premier

PLANNING MECHANISMS FOR AFFORDABLE HOUSING

As members of the Inner Melbourne Action Plan (IMAP) Implementation Committee, we write on behalf of the four Inner Melbourne municipalities of Port Phillip, Yarra, Melbourne and Stonnington to encourage you to include the capacity for planning mechanisms for affordable housing, such as inclusionary zoning, in the forthcoming *Victorian Integrated Housing Strategy*.

Since 2004 the Inner Melbourne municipalities have been collaboratively investigating a proposed Affordable Housing Overlay (inclusionary zoning scheme) for the Inner Melbourne Region under the Inner Melbourne Action Plan (IMAP). This included comprehensive consultant studies from SGS Economics and Planning and Biruu Australia.

The proposal, for developers to contribute cash or units for social housing through the development approval process, was documented in letters to Ministers Madden and Wynne on 23 July 2008. This was followed by a presentation to the Ministers on 11 September 2008 at Parliament House, and a further letter of 24 November 2008 addressing the issues raised at the briefing session. Throughout this process the councils' position has been to seek further investigation of the proposal in conjunction with the State Government.

IMAP councils believe that the forthcoming *Victorian Integrated Housing Strategy* should identify solutions to housing affordability that are suitable for the inner region as an established area of Melbourne. Such solutions need to maintain the current proportion of social housing given the significant housing growth projected to across the region under *Melbourne 2030* and *Melbourne @ 5 Million* and to maintain the social diversity of these areas, including low income wage earners (key workers) necessary for the local economy.



Inner Melbourne Action Plan
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Whilst the solution to declining housing affordability will be multi-faceted, the Affordable Housing Overlay offers a model that can be simply and equitably applied (akin to existing provisions for open space contributions); can deliver the desired levels of social housing without material impact on development or a distortion of the housing market; is broad based, flexible and transparent so as to be fair and address the requirements of developers; and is consistent with current State Government policy by using registered housing associations as the vehicle to deliver and manage the social housing.

A summary of the Proposed Inner Melbourne Affordable Housing Overlay is attached. The Mayor of Port Phillip, as lead council under IMAP for this initiative, would be happy to discuss this proposal with you or provide you with copies of the letters or studies referred to in this letter.

I look forward to your consideration of this proposal and reply.

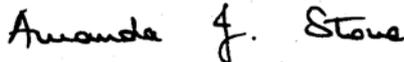
Yours sincerely



CR. FRANK O'CONNOR
Mayor of City of Port Phillip



CR. CLAUDE ULLIN
Mayor of City of Stonnington



CR AMANDA STONE
Mayor of Yarra City Council



CR. PETER CLARKE
Chair Planning Committee, City of Melbourne

Cc: The Hon Justin Madden, Minister for Planning
The Hon Richard Wynne, Minister for Housing

Attachment: Proposed Inner Melbourne Affordable Housing Overlay



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