

Inner Melbourne Action Plan**Briefing Paper****Action 5.2 Affordable Housing - Overlay (Inclusionary Zoning) Proposal**

Purpose

1. To update the Committee and agree a strategy to further progress the proposal for an Affordable Housing Overlay with the State Government.

Background

2. The development of a model Affordable Housing Overlay for application through the Victorian planning system is a key IMAP initiative which seeks to identify new funding sources and build the capacity of housing associations to increase the supply of affordable housing across the region.
3. This initiative, led by City of Port Phillip, has been progressed through three working groups (Housing Needs and Targets, Planning Mechanisms and Delivery Mechanisms) with representation across the 4 IMAP Councils, Department of Planning and Community Development (DPCD), Department Human Services (DHS) and Office of Housing (OoH).
4. **Key outcomes** of the project to date are:
 - a) The development of a Model Planning Overlay, informed by work undertaken by SGS Economics and Planning.
 - b) A report by Biruu Australia providing a peer review of the SGS modelling and investigating the economic impact of an Affordable Housing Overlay on development activity. The findings confirmed the fundamentals of the modelling, fine tuned it and suggested no material economic/market impact.
 - c) Establishment of the Housing In Victoria website in February 2008, funded by a \$100,000 Department of Victorian Communities grant, which provides an interactive database to inform the identification of housing needs and targets.
5. The IMAP Committee (during 2008/9) adopted 10 Principles as a basis for negotiations, advocacy strategies to progress the Overlay with the State and Commonwealth Governments, and supported the pursuit of site specific initiatives to achieve affordable housing contributions on large sites.
6. Advocacy to the State Government has included:
 - Correspondence to Ministers Madden and Wynne outlining the proposal and seeking further, joint investigation with the State Government under a Business Case or other arrangement (July 2008).
 - A subsequent deputation, which briefed Ministers Madden and Wynne on the proposal at Parliament House (September 2008) followed by a letter responding to issues raised (Nov.2008).
 - Correspondence to the Premier seeking the capacity for planning mechanisms such as inclusionary zoning to be incorporated into the forthcoming Victorian Integrated Housing Strategy (September 2009).
7. Advocacy to the Commonwealth Government has included:
 - Correspondence to the Commonwealth Minister for Housing, Tanya Plibersek, seeking the capacity for planning mechanisms such as inclusionary zoning to be incorporated into the next version of the National Affordable Housing Agreement (NAHA) and requesting a meeting (September 2009).
 - Meeting with Minister Plibersek (9 March 2010) to present a case for planning mechanisms and the proposed Overlay, attended by The Mayor, General Manager Environment & Planning and Housing Development Officer from the City of Port Phillip on behalf of IMAP.

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8. Two attempts to introduce site specific requirements have been made but not supported by the State Government (AMCOR site in City of Yarra - sought 4% units to be affordable; City Road site in City of Port Phillip - sought cash contribution based on 5.9% of floor space).

Current status

9. The State Government has not indicated support for the proposed overlay or other planning mechanisms, either through a direct response to IMAP or through the Victorian Integrated Housing Strategy (released in March 2010).
10. The Commonwealth Housing Minister has expressed interest in (but not yet committed to) the capacity for planning mechanisms for affordable housing under the next National Affordable Housing Agreement (due in 2013). However, other discussions at the time endorsed the value of engagement with development industry peak bodies to find a means to encourage them as conditional supporters. This would be further to the previous IMAP consultation held with a forum of individual developers.

Proposed future strategy

11. Additional engagement with the development industry is recommended as a basis to then further advocate to the State and Commonwealth Governments. This should focus on expanded investigation of planning incentives (an element already reflected in the IMAP model based on the SGS Economics and Planning studies in 2004 and 2007). These incentives would be aimed at giving developers greater development certainty without compromising other planning objectives. Incentives could include:
 - Fast tracking development applications through the allocation of dedicated statutory planning resources.
 - Car parking dispensations for affordable housing.
 - Clear identification of sites suitable for affordable housing and higher density residential development, eg. as currently being undertaken through activity centre structure plans.
12. The following actions are proposed:
 - a) Further investigate suitable planning incentives including those outlined in section 11 that may assist with obtaining conditional support from one or more development industry peak bodies, including undertaking discussions / consultation with such groups.
 - b) Report back to the IMAP Committee meeting in November 2010 with recommended incentives and a strategy for further engagement with the development industry and the State and Commonwealth Governments.

Recommendation

13. That the IMAP Implementation Committee resolve to:
 - (a) Support the proposed implementation actions as outlined in section 12 above.