The reformed residential zones get the balance right. They provide for the protection of the character and liveability that people love about Melbourne’s suburbs and support growth in the right areas. This is a system that will be fair and provide certainty for all of our suburbs.

Victoria is experiencing unprecedented population growth and by 2050, Melbourne is projected to become Australia’s largest city. Victoria has always welcomed new citizens – which is why it’s such a diverse and vibrant place to live. We need to encourage growth and provide housing choices to suit our changing demographics and lifestyles, but also manage this in a way that protects the suburbs.

Our suburbs have a unique character that’s loved and valued by their residents. It’s important that we preserve what makes our suburbs great places to live, such as our heritage, trees, garden areas and streetscapes.

Protecting these special characteristics is a priority for this Government. But it has to be balanced against the challenges that our increasing population brings.

Our residential areas have the capacity to provide a greater supply and diversity of housing types. People want to access housing choices that allow them to age-in-place in their local community and stay connected to their support networks. More diversity in our residential areas will help achieve this and improve the ability of young adults and families to buy homes close to friends and family.

In 2015 I appointed the Managing Residential Development Advisory Committee to provide independent advice on the implementation and application of the new residential zones introduced in Victoria in 2014.

The Committee has submitted its report, which makes recommendations on a wide range of matters relating to residential growth, housing choice, and affordability. In response, the Government is introducing a range of new measures that will build on the advice of the Committee.

The Government’s reforms protect the low scale and open character of Victoria’s suburbs by strengthening mandatory height controls. The dwelling cap in the Neighbourhood Residential Zone has been replaced by a mandatory minimum garden area requirement, which will strictly control the bulk of new developments and protect the greenery of our suburbs. These are sensible changes that encourage good design and will protect character, while providing for new housing opportunities.

In addition, the Government is taking several steps to make sure our current and future housing requirements are met with liveable and affordable housing options. The reformed residential zones are one part of a broader package of reforms that also includes Homes for Victorians: Affordability, access and choice, the refresh of Plan Melbourne - the blueprint for Melbourne’s sustainable growth and development, and the Better Apartments Design Standards. The combination of these initiatives will improve the balance of affordability, liveability, and housing choices close to jobs and services.

These reforms are about equity. This is a system that will be fair and provide certainty in the suburbs, regardless of your postcode.

The Honorable Richard Wynne MP
Minister for Planning
Victoria’s housing challenges

Victoria has long been known as the Garden State. The Government’s challenge is to protect the distinctiveness of Melbourne’s suburbs while supporting the delivery of new housing in the right areas to meet increasing demand.

Strong population growth is a challenge. Metropolitan Melbourne’s population is expected to increase from 4.5 million today to 7.9 million by 2051. Regional Victoria’s population is expected to grow from 1.5 million to 2.2 million in the same time.

Changing lifestyles and housing preferences mean there is significant demand for more housing, and a more diverse mix of housing types. The planning system needs to create the opportunity for housing supply to respond to these changing needs.
Plan Melbourne and Regional Growth Plans

*Plan Melbourne* is the Government’s metropolitan planning strategy, guiding how Melbourne will grow and change to 2050. It is a strategy to connect people to jobs and services closer to where they live.

There are also eight Regional Growth Plans for Victoria. These provide a broad direction for planning and development across the regions.

In making targeted changes to the planning system to manage residential development, the Government has been guided by the objectives of the refresh of *Plan Melbourne* and the eight Regional Growth Plans.

Homes for Victorians: Affordability, access and choice

*Homes for Victorians: Affordability, access and choice* is the Government’s strategy for increasing access, availability and security of housing for Victorians.

The changes that are being made to the planning system through reformed residential zones will help meet the broad objectives of *Homes for Victorians: Affordability, access and choice* by improving supply and affordability.

Activity centres

Activity centres play a key role in supporting growth. They are locations with good access to public transport and other services. These areas are capable of accommodating increased density and diversity in housing. Over the 2004-14 period housing in activity centres increased by 65%, from 86,000 dwellings in 2004 to 140,000 in 2014.

Commercial and special purpose zones

There are a range of non-residential zones that play an important role in supporting residential development, especially in areas that have been identified as suitable for significant change. These include commercial zones, and special purpose zones such as the Capital City Zone, and the Activity Centre Zone.

Accommodating new housing in these areas helps to alleviate some of the strain placed on our suburbs and neighbourhoods.

Residential zones

The residential zones are the primary set of zones that manage residential development in Victoria’s suburbs. They are critical in providing housing choice for all types of households, while maintaining the openness and low scale character that generally defines the suburbs. The three main residential zones are:

- Neighbourhood Residential Zone
- General Residential Zone
- Residential Growth Zone
Reviewing the zones

Background

The Neighbourhood Residential Zone, the General Residential Zone, and the Residential Growth Zone.

In mid 2013 councils were given one year to implement these zones in their planning schemes.

Some councils had completed more background work than others when the new zones were introduced. As a result, there were inconsistencies in how the new zones were applied and how much public consultation was undertaken.

The way the zones have been applied in some suburbs has impacted the ability for Melbourne and Victoria’s regional areas to meet our expected housing requirements in a sustainable way.

The Minister for Planning appointed the Managing Residential Development Advisory Committee on 29 November 2015 to provide independent advice on these issues.

The Managing Residential Development Advisory Committee

The Committee appointed by the Minister for Planning was asked to:

- Consider the process by which the new residential zones were implemented.
- Review the current application of the zones in the context of managing Melbourne and Victoria’s growth in a sustainable manner and improving housing affordability.
- Advise on the level of evidence and justification needed when preparing relevant planning scheme amendments.
- Recommend improvements to the residential zones.
- Provide councils, the community and the industry with an opportunity to be heard.

The Committee was supported by Residential Zones State of Play reports that were prepared by the Department of Environment, Land, Water and Planning in January 2016.

The State of Play reports include information on population growth, housing supply and diversity, and the outcomes of the application of the new residential zones in each of metropolitan Melbourne’s five subregions.

The Committee undertook a comprehensive consultation process, including a series of briefings that were attended by councils, industry, and peak bodies. Public hearings were held during April and May 2016.

The Committee received 352 written submissions.

A detailed summary of the Committee’s recommendations and the Government’s responses is at the back of this booklet.

The Committee’s final report can be viewed here www.planning.vic.gov.au/panels-and-committees/current-panels/managing-residential-development-advisory-committee
The Government’s response

The Committee’s final report makes recommendations on a wide range of matters relating to residential growth, housing choice, and affordability. In response, the Government is introducing a range of new measures that build on the advice of the Committee.

Greater certainty

The Committee acknowledged the certainty provided by the zones has many benefits, and suggested it would be a backwards step to completely abandon the level of certainty that mandatory height limits provide.

The Government agrees and has chosen to strengthen the certainty provided by the zones. The vast majority of new development in Victoria’s suburbs will now be subject to mandatory heights, which means the community is guaranteed that the low scale character of Victoria’s neighbourhoods will be protected.

Greening and growing

The Committee raised concerns about whether the capacity to meet housing requirements has been limited by the way the zones have been applied. The limited ability of some municipalities to accommodate a fair share of this growth was also a concern.

The Committee found greater flexibility is needed in the Neighbourhood Residential Zone.

The Government agrees and the dwelling cap in the Neighbourhood Residential Zone is being replaced with a new mandatory garden area requirement. This will protect the open garden character of neighbourhoods and allow for more housing diversity.

Strengthening neighbourhood character

Mandatory height and garden area requirements will protect the low scale and open character of Victoria’s suburbs.

Neighbourhood character is what makes many areas distinct. Councils can now define neighbourhood character and design objectives in schedules to the zones to strengthen the protection for neighbourhoods.

Equitable amenity

The updated zones ensure that every municipality has to comply with the same rules. Greater consistency in the operation of the zones means all development in the Neighbourhood Residential Zone and General Residential Zone must provide a minimum garden area, regardless of your postcode.

Residential aged care facilities

As our population ages, it is important to provide aged care facilities in established residential areas. This will allow people to age-in-place, by staying in their local neighbourhood and remaining connected to their support networks and the wider community.

In recognition of this need, the Government will establish an industry working group with local government representatives. The working group will focus on understanding the issues with development of residential aged care facilities, and identifying the best ways to integrate these facilities into local neighbourhoods.
The residential zone schedules

The Committee found the application of residential zone schedules has resulted in duplication and conflict with planning overlays, and has complicated planning schemes. The Government agrees and will begin work on a fundamental review of local variations in the residential zone schedules.

This will be an important step towards delivering more consistent outcomes across Melbourne’s suburbs. Councils with building height variations in zone schedules that are inconsistent with the reformed zones will have three years to comply with the new requirements.

Summary of the reformed residential zones

<table>
<thead>
<tr>
<th>Neighbourhood Residential Zone (NRZ)</th>
<th>General Residential Zone (GRZ)</th>
<th>Residential Growth Zone (RGZ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum building height/number of storeys</td>
<td>Mandatory 9 metres / 2 storeys.</td>
<td>Mandatory 11 metres / 3 storeys.</td>
</tr>
<tr>
<td>Can these heights / number of storeys be varied in a schedule to the zone?</td>
<td>Yes. Councils can set a mandatory height limit greater than 9 metres / 2 storeys.</td>
<td>Yes. Councils can set a mandatory height limit greater than 11 metres / 3 storeys.</td>
</tr>
</tbody>
</table>
The garden area requirement increases the amount of garden space that must be provided for new residential developments. New developments in the Neighbourhood Residential Zone and General Residential Zone will need to comply with the new garden area requirement. It is mandatory, and cannot be varied.

The garden area requirement provides the opportunity for greater housing choice in Victoria’s neighbourhoods while protecting the open space character.

<table>
<thead>
<tr>
<th>Lot size</th>
<th>Minimum garden area</th>
</tr>
</thead>
<tbody>
<tr>
<td>400-500 square metres</td>
<td>25%</td>
</tr>
<tr>
<td>501-650 square metres</td>
<td>30%</td>
</tr>
<tr>
<td>Above 650 square metres</td>
<td>35%</td>
</tr>
</tbody>
</table>
A garden area does not include driveways, areas permanently set aside for car parking, or any building or roofed areas.

All areas that are normally associated with the use of a garden such as an entertaining area, lawn, garden beds, swimming pool or tennis court are included in the calculation of the minimum garden area.
Summary of the Committee’s recommendations and the Government’s responses

NEIGHBOURHOOD RESIDENTIAL ZONE

Recommendations:
- Rename to the Limited Growth Residential Zone
- Amend the purpose of the zone
- Increase the mandatory maximum building height for a dwelling or residential building from 8 metres to 9 metres, with a maximum of 2 storeys
- Allow slightly higher buildings where flood levels apply

The recommendations are supported in part, and changes build on the recommendations:
- The purpose of the zone has been revised
- The mandatory maximum building height has been increased, and specified as a maximum of 2 storeys
- A mandatory minimum garden area requirement has been introduced to replace the limit on the number of dwellings on a lot
- Neighbourhood, heritage, environment or landscape character objectives must be specified in the schedule to the zone

GENERAL RESIDENTIAL ZONE

Recommendations:
- Amend the purpose of the zone
- Make maximum building heights specified in a schedule to the zone discretionary instead of mandatory

The recommendations are supported in part, and changes build on the recommendations:
- The purpose of the zone has been revised
- Maximum building heights specified in a schedule to the zone remain mandatory
- The discretionary maximum building height of 9 metres has been replaced by a mandatory maximum building height of 11 metres, specified as a maximum of 3 storeys
- A mandatory minimum garden area requirement has been introduced
- Neighbourhood character objectives can be specified in the schedule to the zone

RESIDENTIAL GROWTH ZONE

Recommendations:
- Amend the purpose of the zone
- Make the maximum building heights specified in the schedule to the zone discretionary instead of mandatory

These recommendations are supported in part:
- The purpose of the zone has been revised
- Maximum building heights specified in the schedule to the zone remain mandatory, but must be at least 13.5 metres
- Relevant design objectives must be specified in the schedule to the zone
RESIDENTIAL AGED CARE FACILITIES

Recommendation:
• Exempt residential aged care facilities from the maximum building height requirements in the residential zones

The recommendation is supported in principle:
• The Government will establish a working group with councils, aged care providers and other stakeholders to identify the best ways to integrate these facilities into local neighbourhoods and develop appropriate planning tools

COMMERCIAL 1 ZONE

Recommendation:
• Make dwellings a permit required use in the zone

The recommendation is not supported at this time.
• Further work is needed to investigate the impact of residential developments on the availability and price of commercial floor space
• Other planning controls may be considered as necessary

MINISTERIAL DIRECTION NO. 16

Recommendation:
• Amend Ministerial Direction No. 16 (Residential Zones)

The recommendation is supported in principle:
• Ministerial Direction No. 16 is now redundant and will be revoked
• The Ministerial Direction on the Form and Content of Planning Schemes will be amended

FURTHER GUIDANCE ON APPLYING THE RESIDENTIAL ZONES

Recommendations:
• Various amendments to Planning Practice Notes and Advisory Notes that provide advice on planning schemes and processes

The recommendations are supported in principle:
• Planning Practice Notes 78 (Applying the Residential Zones) and Advisory Note 50 (Reformed Residential Zones) will be withdrawn
• A range of revised Planning Practice Notes and Advisory Notes will be prepared

FUTURE PLANNING SCHEME AMENDMENTS

Recommendation:
• Implement a public and independent review process for future planning scheme amendments that implement the residential zones or propose substantial changes to the way the zones are applied

The recommendation is supported

MONITORING RESIDENTIAL DEVELOPMENT

Recommendations:
• Implement a state-wide monitoring program for residential development and growth
• Produce regular State of Play reports

The recommendations are supported
The Government’s Action Plan

1. PLANNING SCHEME AMENDMENT VC110
   - Planning Scheme Amendment VC110 will replace the existing residential zones with the reformed zones when it is gazetted (introduced into planning schemes).
   - March 2017

2. RESIDENTIAL AGED CARE FACILITIES
   - Establish a working group with local councils, industry and other stakeholders to investigate the best ways to integrate residential aged care facilities into local neighbourhoods.
   - 30 April 2017

3. PROVIDE FURTHER GUIDANCE
   - Prepare new Ministerial Directions, Planning Practice Notes, and Advisory Notes to assist council and support implementation of the reformed residential zones.
   - 30 June 2017

4. MONITORING AND CONTINUOUS IMPROVEMENT
   - Prepare regular State of Play reports on an ongoing basis to assist councils with strategic planning work.
   - Ongoing – new Housing Development data reports April 2017, followed by ongoing monitoring and publication

5. SUPPORTING COUNCILS TO CONSOLIDATE THEIR PLANNING SCHEMES
   - Work with councils to align local schedules with the new zones.
   - Support councils to define neighbourhood character, heritage and environmental values in their residential zones.
   - Ongoing

6. TRANSPARENCY AND FAIRNESS
   - Future planning scheme amendments will be reviewed through a public and independent process.
   - Ongoing