

Key Insights – Housing Outcomes in Established Melbourne 2005-2016



Monitoring Land Use
Planning Outcomes
April 2018

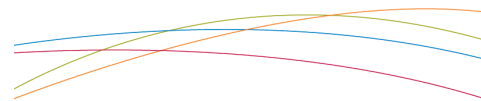
Introduction

The Housing Development Data (HDD) provides annual lot by lot information on Melbourne's housing stock.

This presentation uses the HDD to examine:

- The ratio of development in Melbourne's growth and established areas.
- The impact of long term planning to promote housing in locations with good access to jobs, services and public transport.
- Reform of the business/commercial zones.

These policies and reforms span the 2005-2016 period which encompassed *Melbourne2030*, the reform of the Residential Zones and the release of *Plan Melbourne*.



REFORMED ZONES
FOR VICTORIA

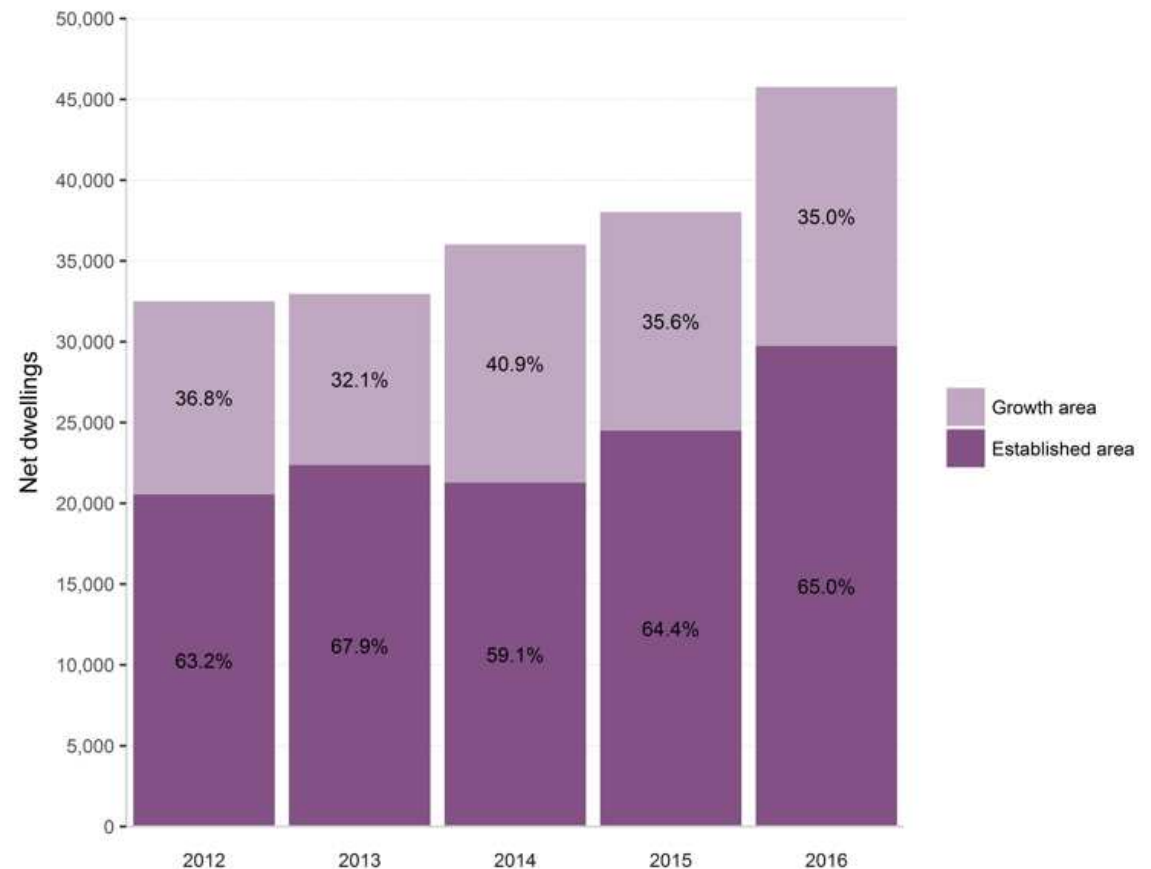


The 70/30 aspiration

The 70/30 aspiration identified in *Plan Melbourne (Direction 2.1)* seeks to shift a higher proportion of new housing development to land with existing infrastructure by 2051.

As a long term aspiration for the city's growth the HDD demonstrates that housing growth is steadily shifting toward established areas and that the 70/30 aspiration is an achievable long term objective for Melbourne.

Net new dwellings in Growth Area precinct structure planning areas and established Melbourne*



Source: HDD16

*Growth Areas are defined as any location within Growth Area municipalities that is subject to the Precinct Structure Planning process or a locally equivalent process. This division distinguishes land with existing infrastructure (established Melbourne) from land that requires new infrastructure.

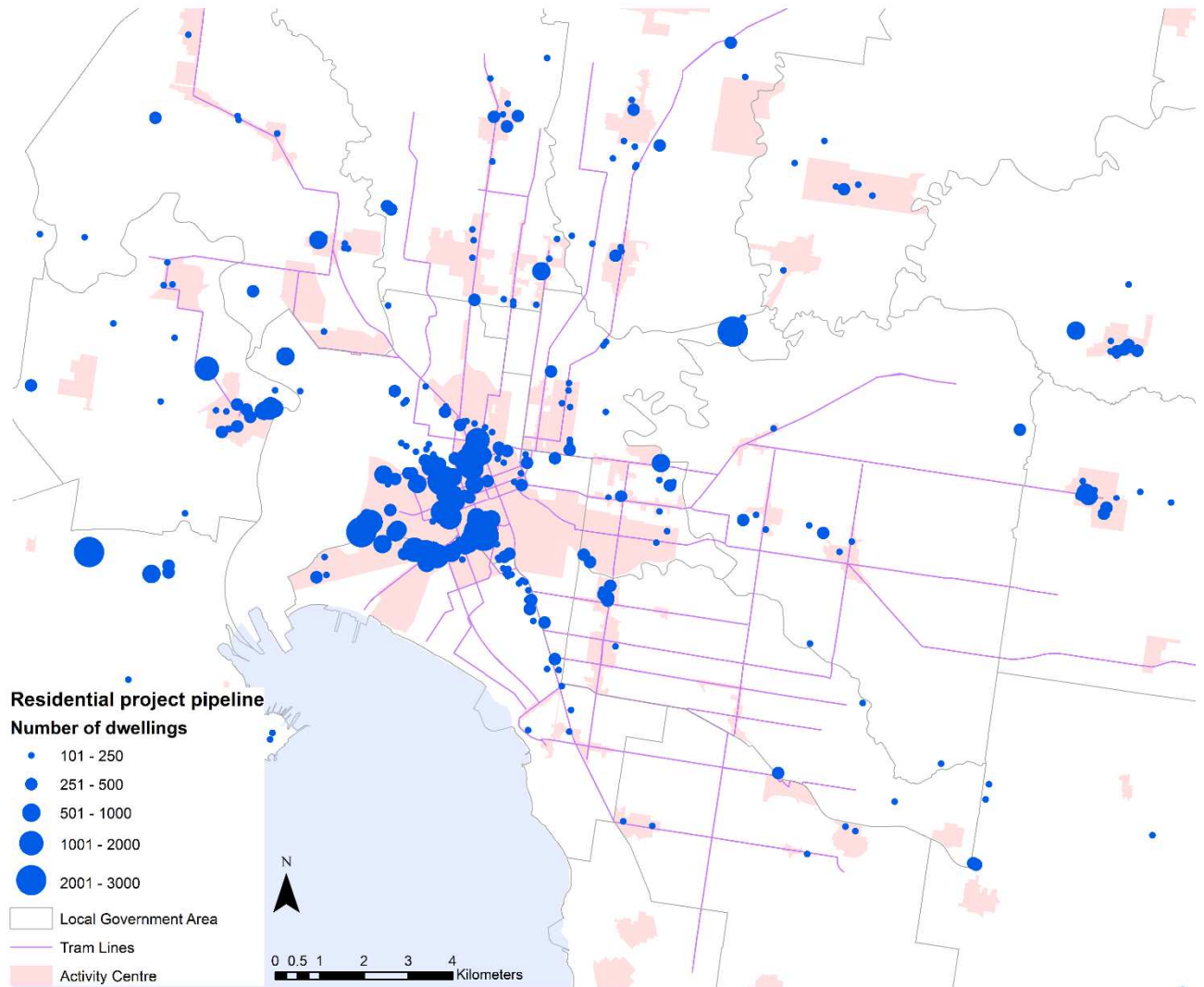
Urban Renewal

The redevelopment of existing and redundant sites for new housing provides a high proportion of Melbourne's established area housing supply.

There are currently 235,000 dwellings planned for major redevelopment sites throughout established Melbourne that are scheduled for development over the next decade.

The number of new dwellings in the urban renewal pipeline will grow as more sites are identified and undergo detailed planning.

Projected major redevelopment projects 2017

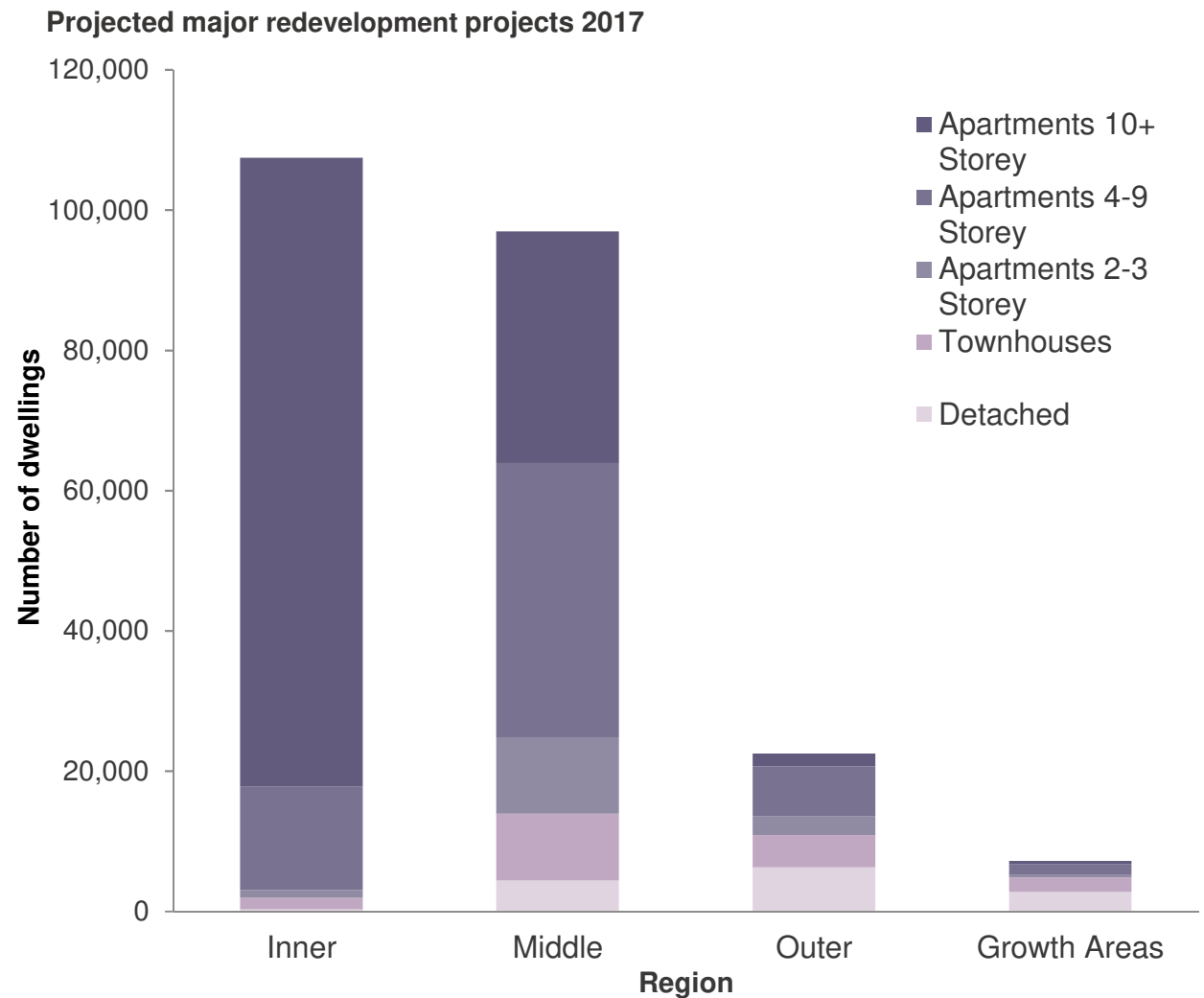


Source: Urban Development Program 2017

Urban Renewal

A growing proportion of the redevelopment pipeline is in Melbourne's middle ring.

There are currently 97,000 dwellings planned in major renewal sites in Melbourne's middle ring up from 70,000 dwellings in 2016.



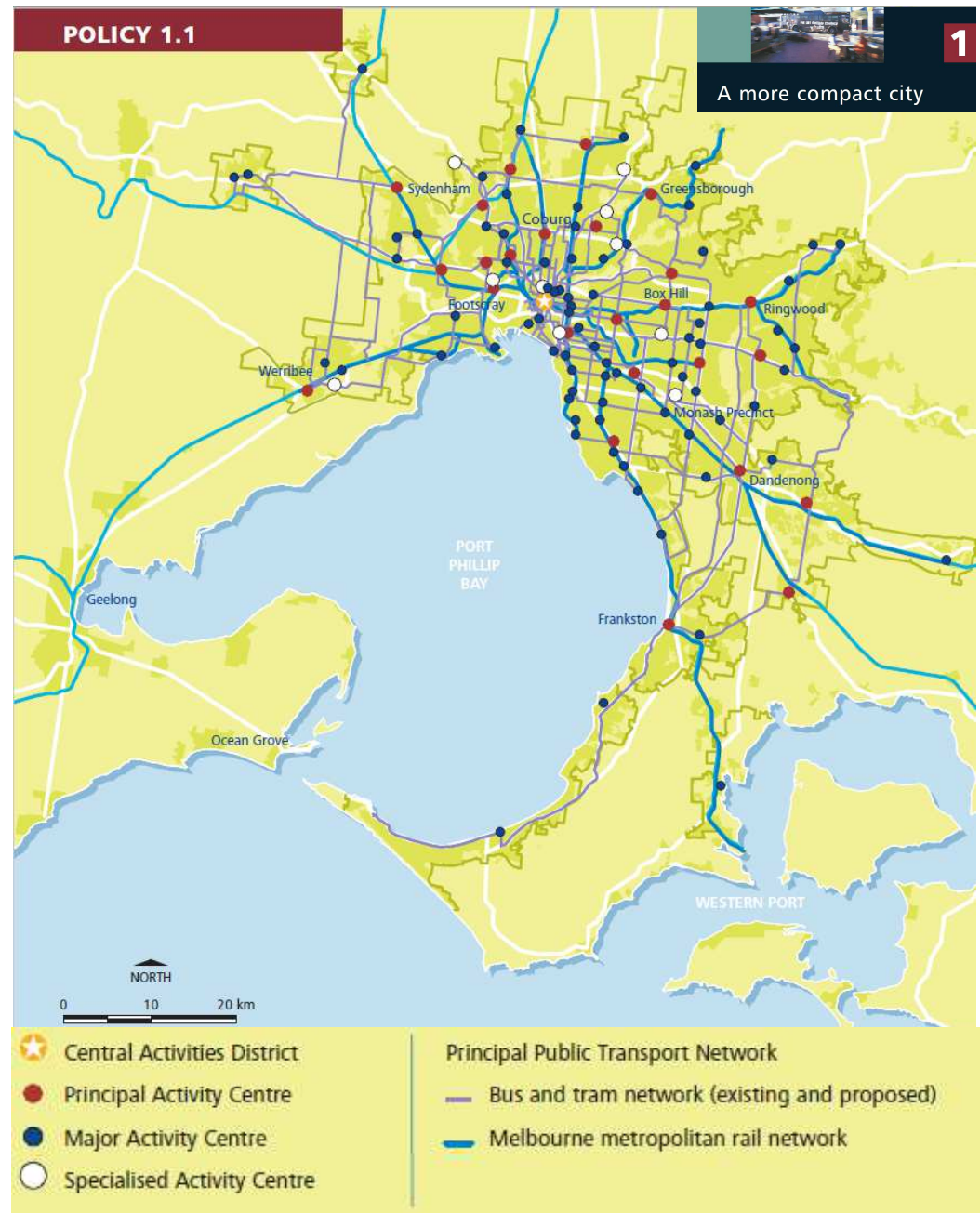
Source: Urban Development Program 2017

Growing housing near jobs and services

Direction 1 of *Melbourne2030* – *A More Compact City* - aimed to locate a substantial proportion of new housing in or close to activity centres and other sites offering good access to services and transport.

Local government responded to *Melbourne2030* directions by developing structure plans to guide the growth of their centres.

Plan Melbourne Outcome 2: Melbourne provides housing choice in locations close to jobs and services reaffirms and expands the role of accessible locations in supporting housing growth.



Growing housing near jobs and services

The HDD demonstrates that the aspiration to locate a higher proportion of new housing in and around activity centres is being achieved.

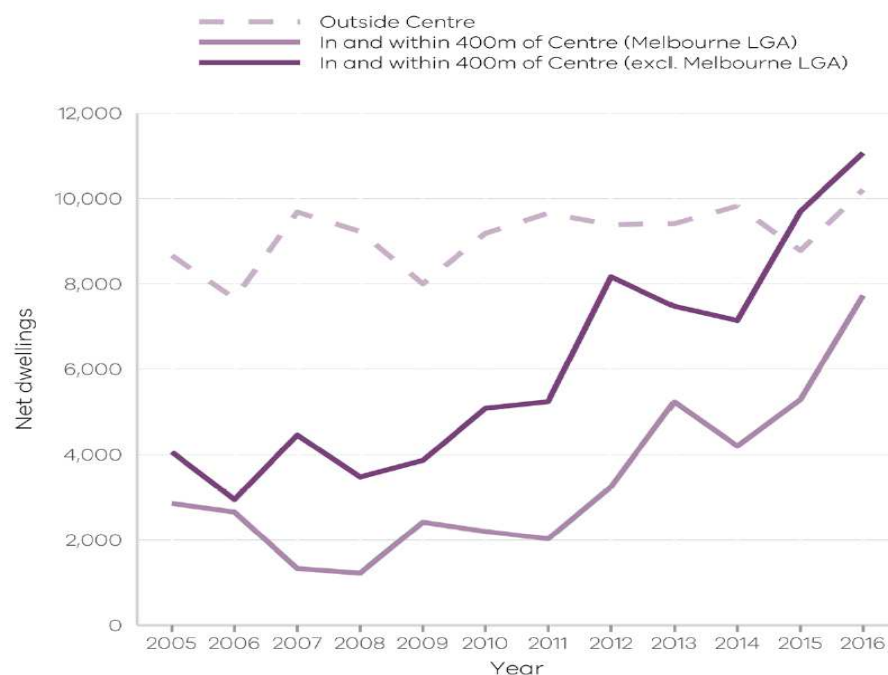
As at December 2016, **51% of the 220,000 net new dwellings completed between 2005 and 2016 were within 400 metres of an activity centre.**

Long term activity centre planning is successfully enabling more Melbournians to live in close proximity to jobs, services and transport.

Activity Centre policy spans both *Plan Melbourne* and *Melbourne 2030* and is the most spatially specific and locally implemented policy promoting housing near jobs, services and transport. *Melbourne 2030* identified 122 centres and *Plan Melbourne* an additional 11 primarily in growth areas. As *Plan Melbourne* is further implemented in local planning schemes other strategic areas will be added to the Department's monitoring.

Proportion of development in established Melbourne* in and around Activity centres (400 metres) 2005-2016

	Established area dwellings*	In and around Activity Centres	%
2005	1,200,000	335,000	28%
2016	1,420,000	448,000	32%
Change	220,000	113,000	51%



Source: HDD16

*Established Melbourne is defined as the 25 local government areas in Melbourne that do not include a growth area.

Growing housing near jobs and services

As at 2016, 32% of established area dwellings were within 400 metres of Activity Centres (approximately 450,000 dwellings).

Since 2005, housing within the core of activity centres has grown by near on **90% (from 86,000 dwellings to 160,000 in 2016)**.

In many activity centres dwelling stock has doubled and trebled, which is reflected in the changing form, amenity and general level of activity in Melbourne's centres.

Activity centres with highest change in dwelling stock within the Activity Centre boundary 2005-2016

Note: table revised April 2018

Activity Centre Name	Stock 2004	Stock 2016	Change 2005-2016	Growth
Melbourne Central City	17,476	52,192	34,716	Trebled+
Prahran/South Yarra	2,836	8,476	5,640	Trebled+
Brunswick	1,293	5,196	3,903	Trebled+
Port Melbourne-Bay Street	4,009	6,237	2,228	56%
Richmond-Victoria Street	1,401	3,252	1,851	Doubled+
Box Hill	1,315	2,990	1,675	Doubled+
Doncaster Hill	423	1,878	1,455	Emerged*
Fitzroy-Smith Street	2,296	3,721	1,425	62%
Footscray	1,047	2,330	1,283	Doubled+
Richmond-Bridge Road	185	1,401	1,216	Emerged*
Dandenong	925	1,899	974	Doubled+
Richmond-Swan Street	4,845	5,813	968	20%
North Essendon	263	1,170	907	Emerged*
Hawthorn-Glenferrie Road	47	843	796	Emerged*
St Kilda	1,129	1,851	722	64%

*Emerged describes centres that at 2004 had minimal housing stock which over the 12 year period added significant residential stock.

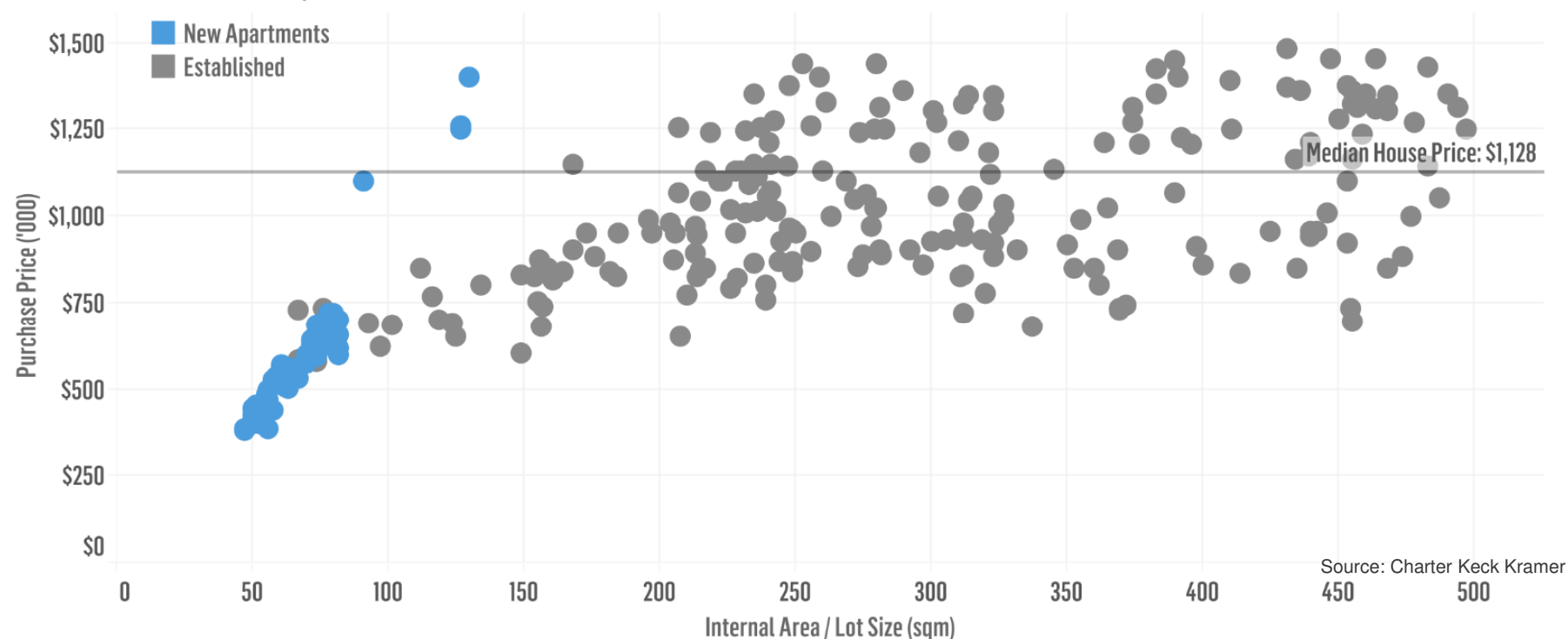
Moonee Ponds – Relative housing affordability

New dwellings constructed in and around activity centres are primarily apartments.

Case studies comparing the price of off the plan apartment sales with those of established stock in the suburbs of Moonee Ponds, Hawthorn, Doncaster and Brunswick demonstrate the relative affordability of new apartments. Apartments create housing choice by providing households with the option of a generally smaller dwelling that is of a comparatively lower cost than surrounding townhouses and detached houses.

82% of apartment transactions were below \$650,000

Moonee Ponds January 2016 - December 2017

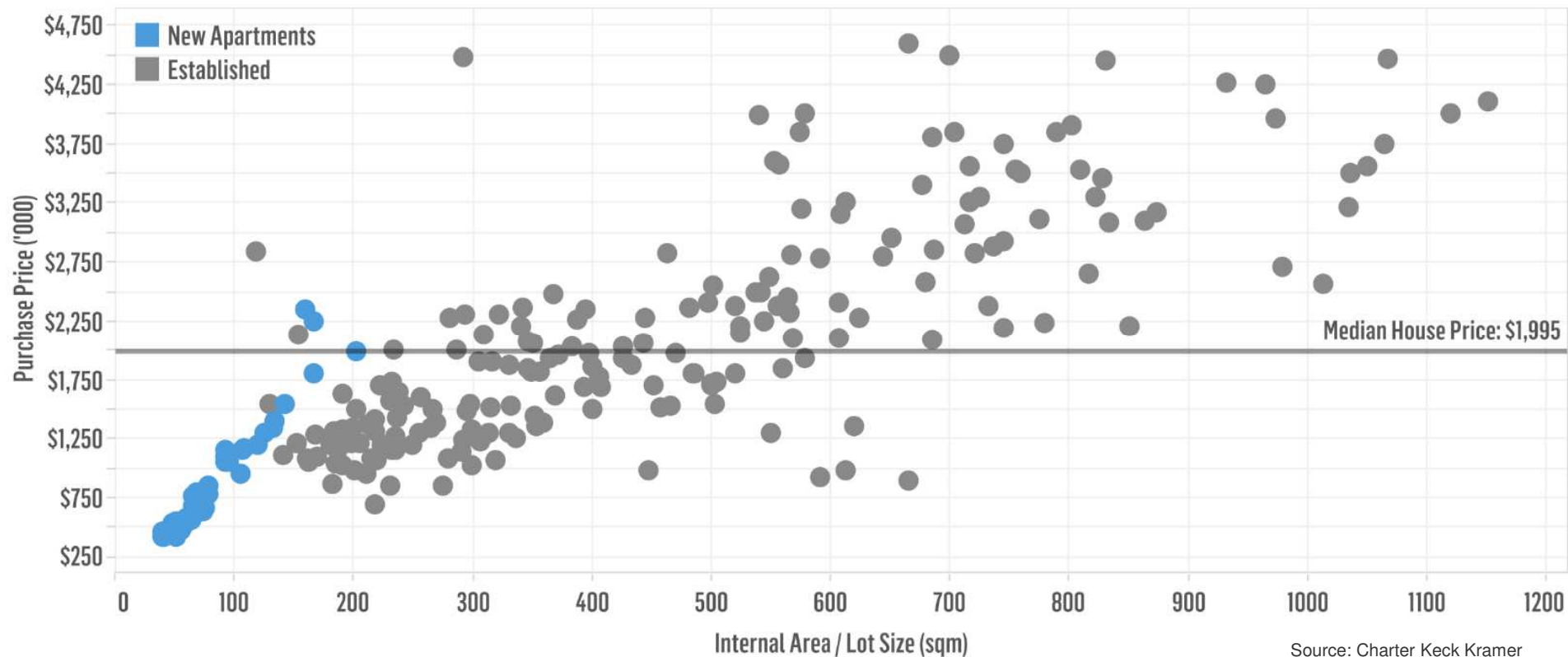


*The X axis measures area. For Off the Plan apartment sales internal area is measured. For established sales the lot area is measured unless the sale is an existing apartment in which case internal area is measured. In most case established sales are detached houses and townhouses and therefore are measured according to lot size.

Hawthorn – Relative housing affordability

56% of apartment transactions below \$600,000

Hawthorn January 2015 - June 2016

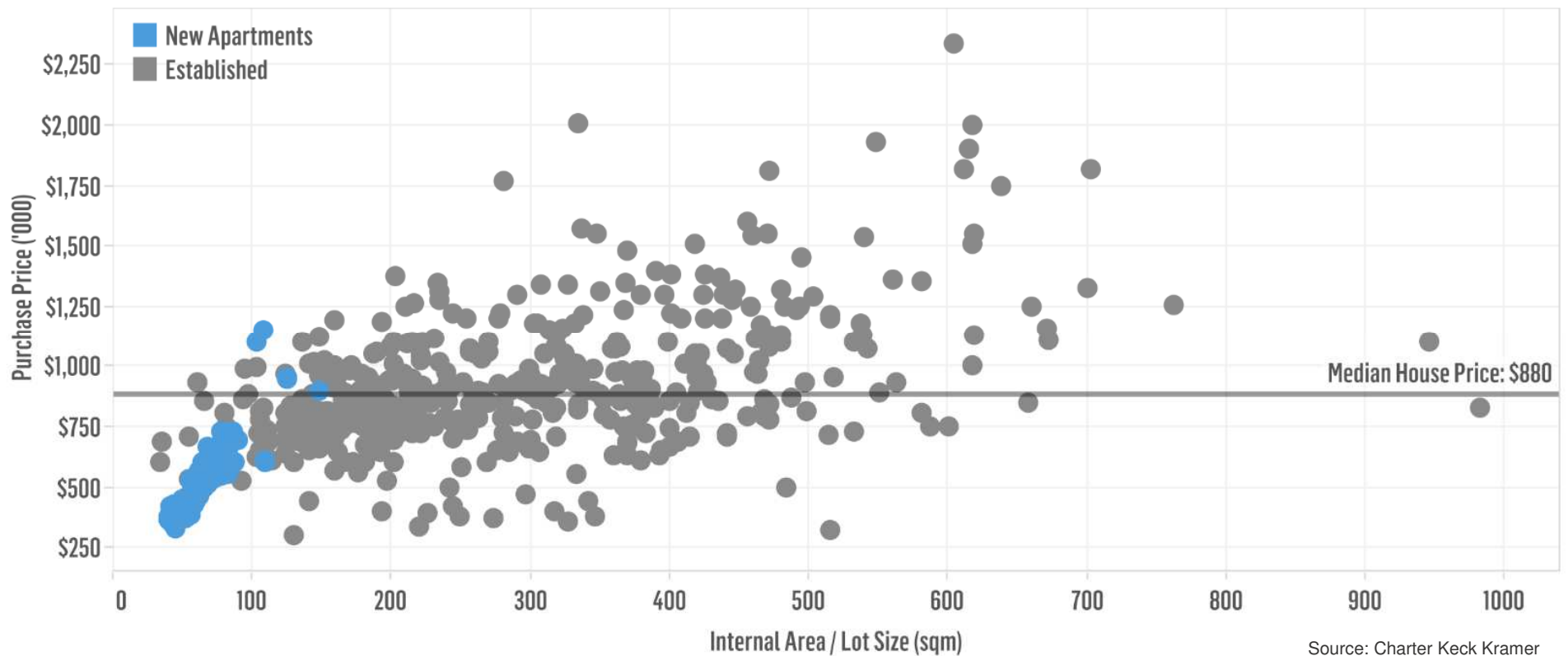


Source: Charter Keck Kramer

Brunswick – Relative housing affordability

94% of apartment transactions below \$600,000

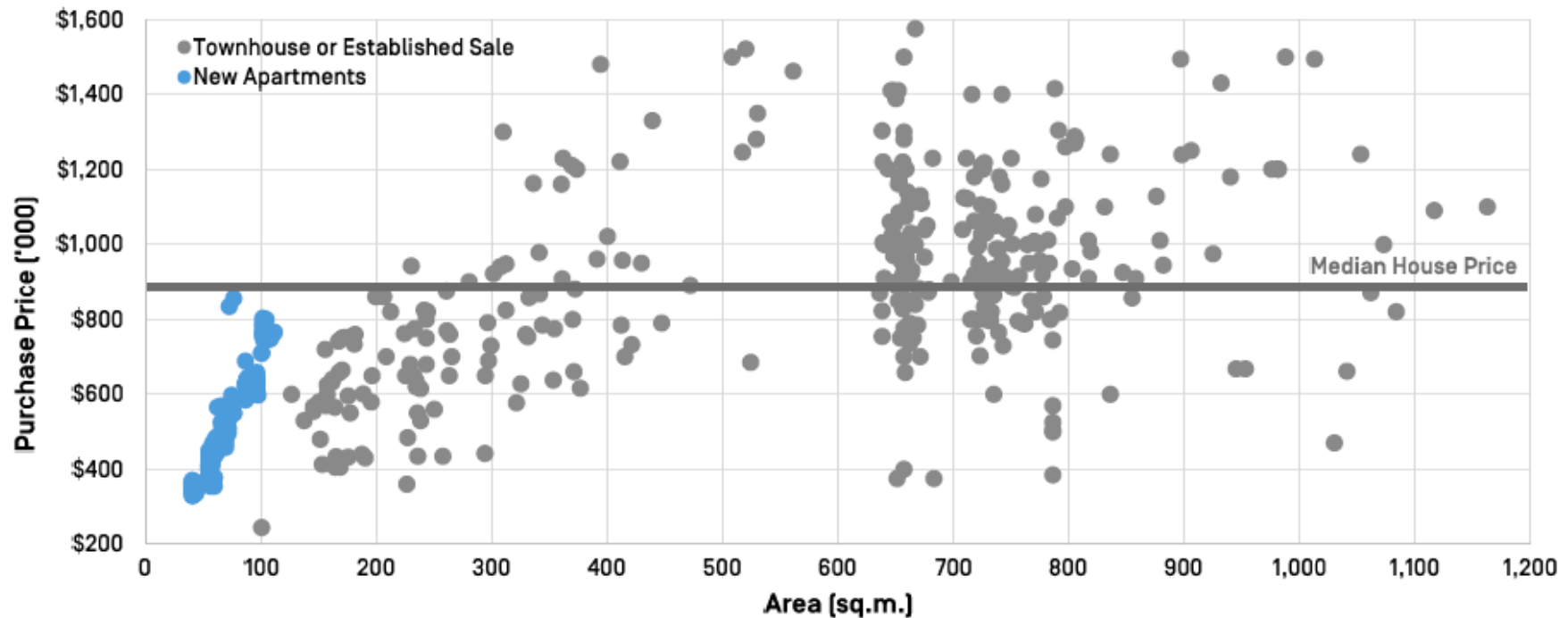
Brunswick and Brunswick East January 2015 - June 2015



Doncaster – Relative housing affordability

100% of apartment transactions were below the median house price

Doncaster March 2014 - 2015



Source: Charter Keck Kramer

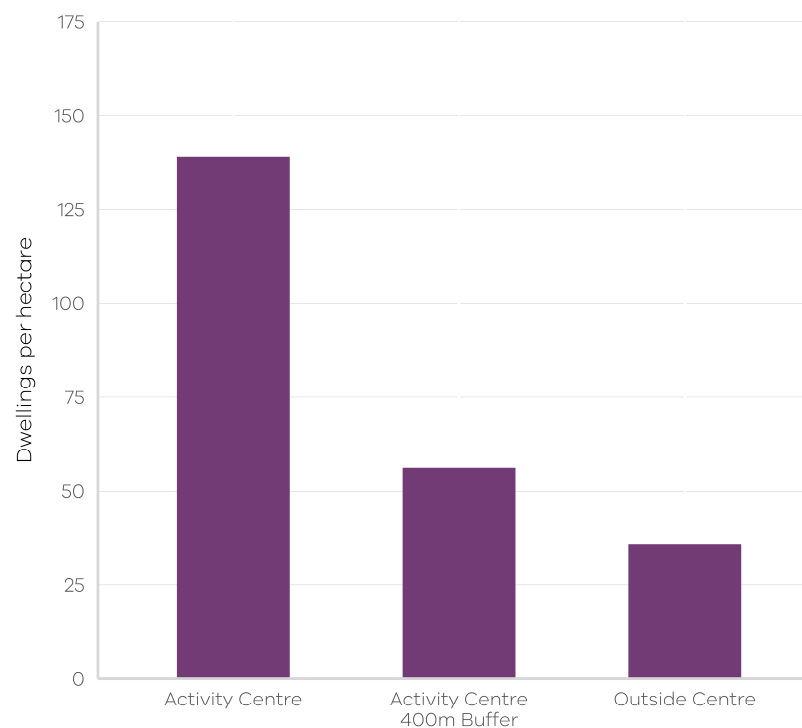
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Directing density to the right locations

The planning system is successfully directing density to the right locations.

The parts of Melbourne with the best access to jobs, services and transport are being developed at the highest residential densities while, in suburban areas, new housing is developed at relatively lower densities.

Average site density of projects in and around Activity Centres, established Melbourne, 2011-2016 (excluding Melbourne LGA)



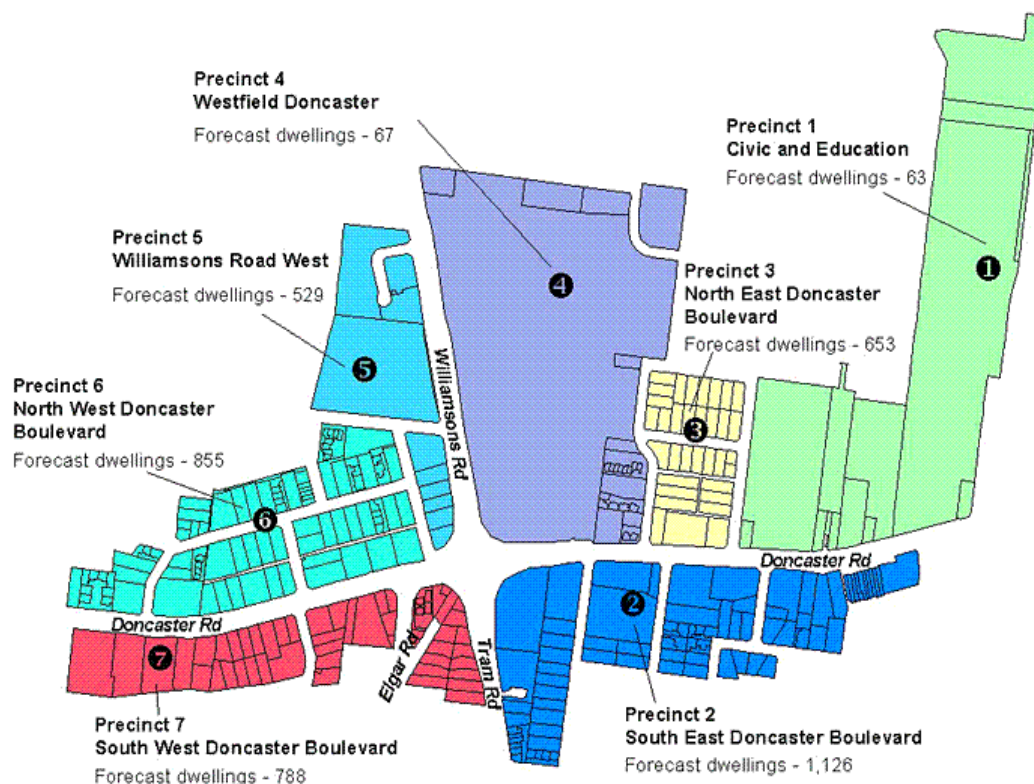
Source: HDD 2016

Activity Centre Success – Key Learnings

The success of activity centre policy demonstrates the role of strategic planning in anticipating and facilitating long term change. A consensus between state and local government in supporting higher levels of growth and density in activity centres has been central to the success of this policy.

At a statutory level, a clear logic linking broader city wide planning objectives to detailed spatial plans and statutory controls has helped direct growth to activity centres. Councils have also worked with developers and their community to facilitate growth in their centres.

Planning that adapts and evolves to changing conditions can help deliver more amenity and choice to local communities.



Doncaster Hill Structure Plan 2002 - 2004

Directing density to the right locations

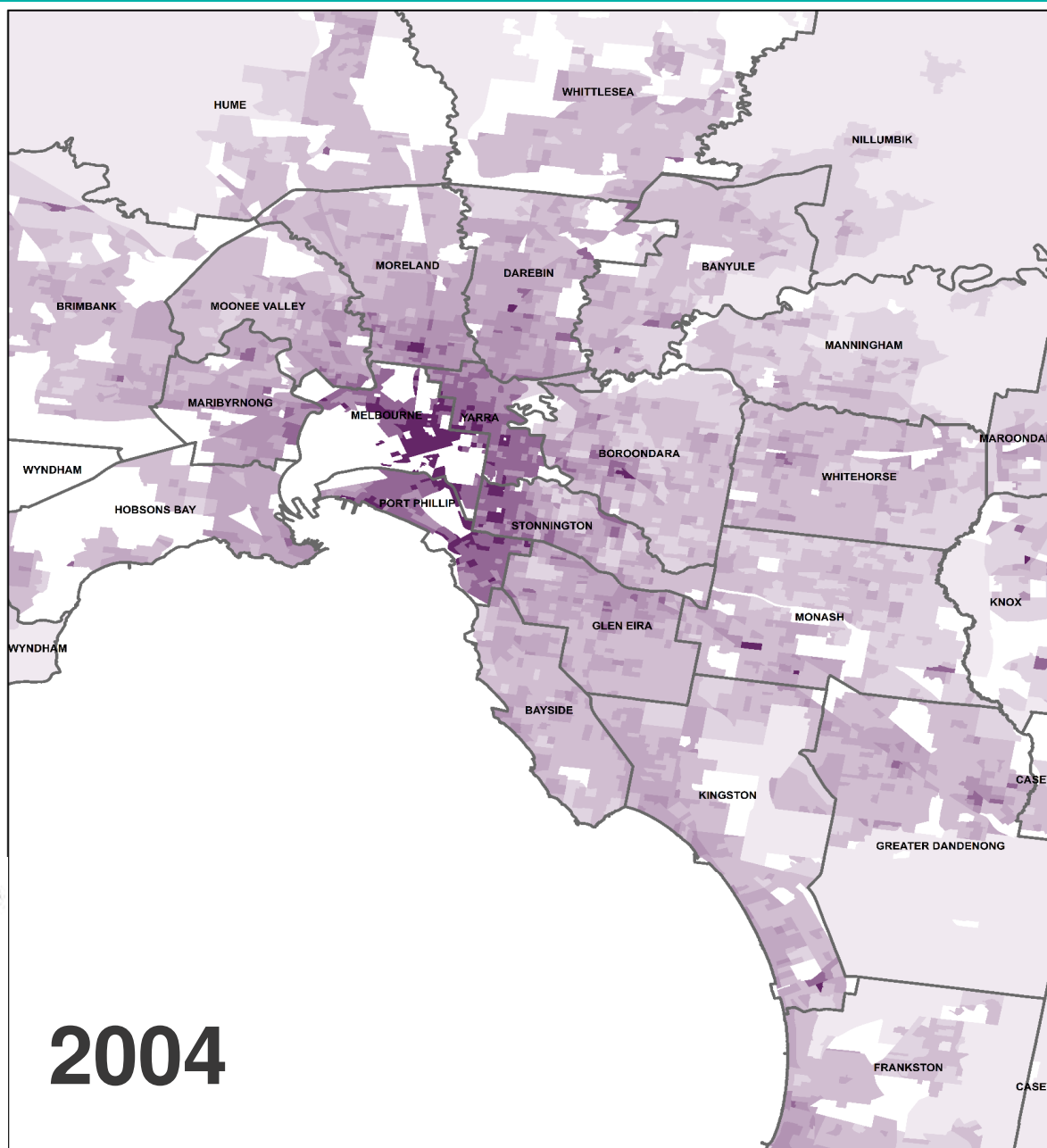
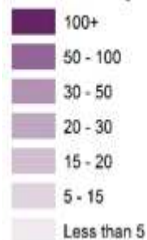
Plan Melbourne aims to facilitate a spectrum of high, medium and lower density housing change areas that together create choice for households.

When the 2004 slide is compared to the 2016 slide, a more diverse urban form can be seen to be emerging particularly in and around suburban activity centres.

For households a spectrum of housing densities means greater housing choice.

Dwellings Per Hectare in Metropolitan Melbourne

Total dwellings divided by total area of lots that contain dwellings by ABS SA1



Directing density to the right locations

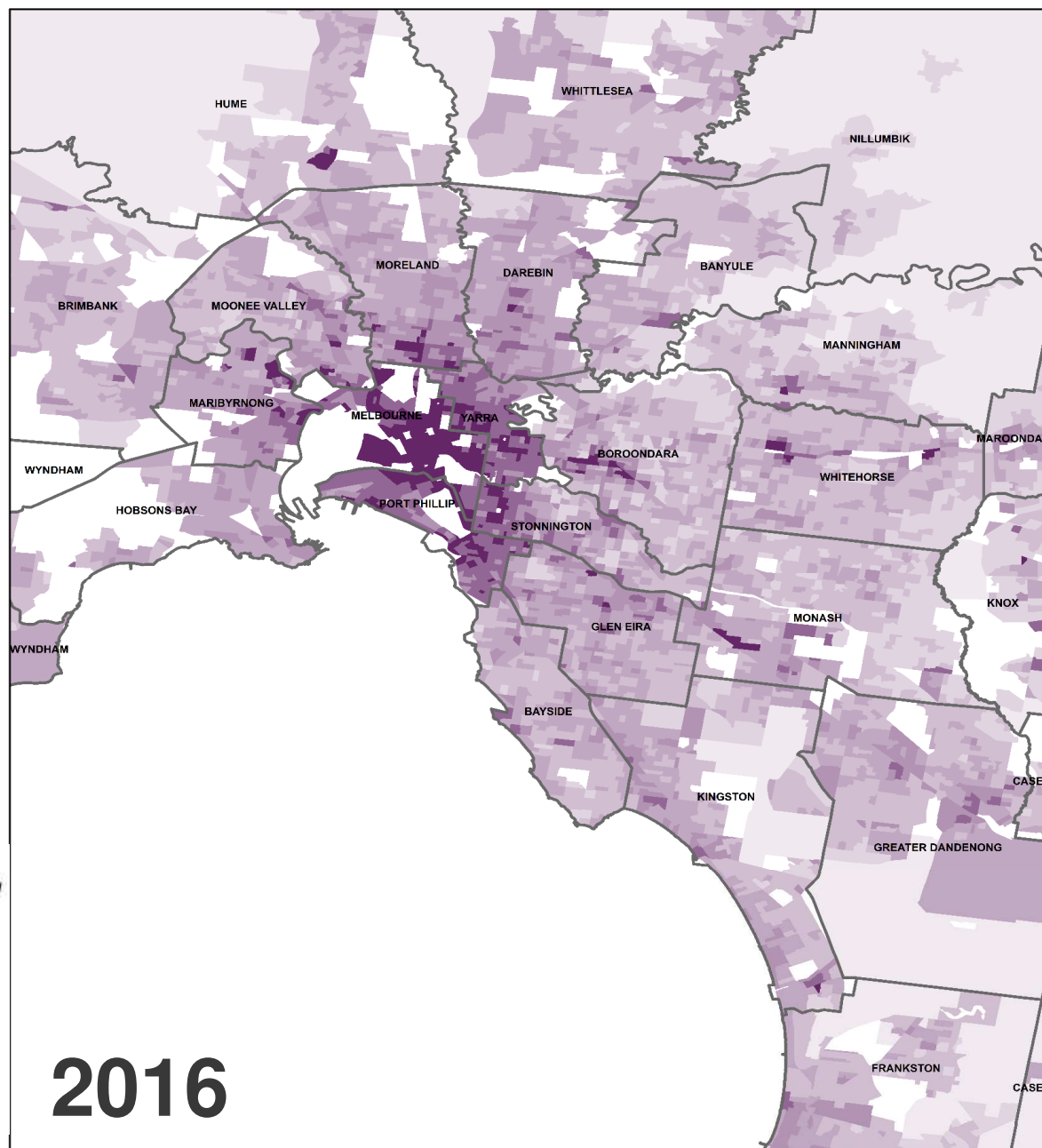
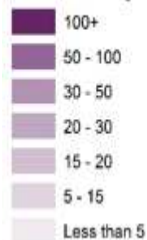
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Source: HDD16

Nodes of activity, services and housing

State activity centre policy aimed to build up centres as locations of activity, local living and as places that provide a wider range of services over longer hours.

Essential Economics were commissioned to investigate the impacts of housing and population growth in the Heidelberg, Oakleigh and Moonee Ponds Activity Centres. The study identified:

- Employment diversification and growth
- According to traders increased activity has contributed positively to street safety and retail demand
- Increasing specialisation and growth in the night time economy.



ESSENTIAL ECONOMICS

Monitoring Land Use Planning Outcomes:

Assessment of Local Economic Impacts of Increased Residential Development in Activity Centres

FINAL REPORT

Prepared for

Department of Environment Land Water and Planning

by

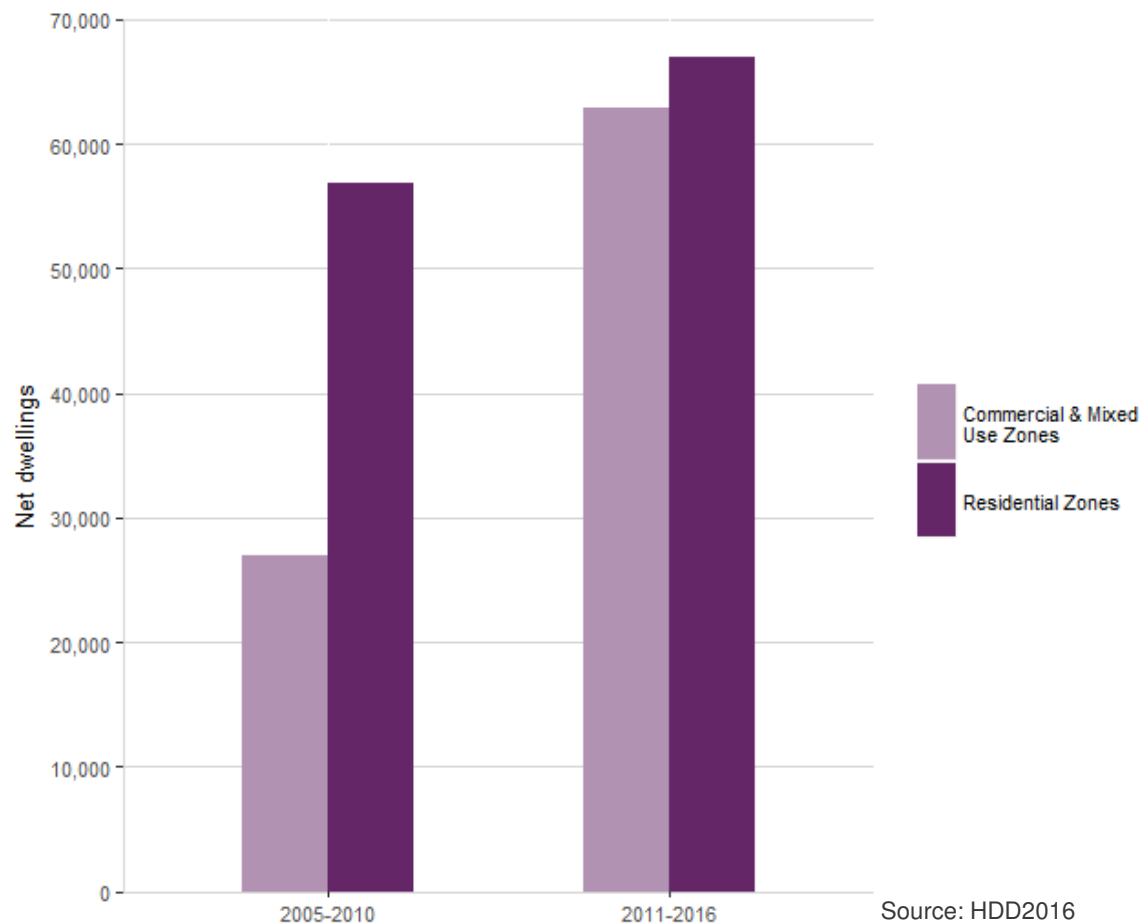
Essential Economics Pty Ltd

Housing growth in mixed use locations growth

Mixed use/commercial areas are an increasingly important source of Melbourne's housing supply.

In established Melbourne, housing development in commercial/mixed use areas has increased from 30% of new dwellings in 2005-2010 to nearly 50% in 2011-2016.

Net dwellings by residential and commercial zones 2005-2016
(excluding growth area LGAs)





Key Insights

- Established Melbourne is successfully growing housing near jobs, services and transport which will be enhanced through the implementation of *Plan Melbourne*.
- The success of activity centre policy shows that strategic planning takes time and requires statutory implementation and a clear logic linking objectives to plans.
- Government is seeking to maintain high quality urban environments as the city increases its density. The introduction of apartment standards, garden area requirements and new set back and height requirements in the central city are important steps in achieving liveability while the city changes.
- Competition for land between economic and residential land use requires ongoing monitoring.