

Urban Development Program

Metropolitan Melbourne Redevelopment 2019



Planning Group



Environment,
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and Planning

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Acknowledgment

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.



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1 Key messages

While acknowledging the coronavirus pandemic will slow population growth in the short term, ensuring that there is an adequate supply of residential land and housing in the right places to meet housing demand will remain a key challenge for Victoria into the future.

This report focuses on major residential redevelopment sites. These are sites that are within the established part of metropolitan Melbourne that were previously used for commercial, industrial, educational and residential uses that have been identified through the planning process of being able to accommodate 10 or more dwellings. Major residential redevelopment sites play a significant role in how Melbourne's growth is managed.

1.1 Recent trends in redevelopment sites

- As at December 2019, there were around 180,500 dwellings in major residential redevelopment projects that were either under construction or in the development pipeline across metropolitan Melbourne. This is less than the 203,300 dwellings identified in the pipeline in 2018.
- The vast majority (83%) of dwellings proposed for major redevelopment sites are expected to be constructed in buildings of four or more storeys.
- Of the 180,500 dwellings in major residential redevelopment projects, the inner and middle ring municipalities continue to be the dominant regions accounting for 88% or 158,000 of these dwellings.

1.2 Redevelopment sites in context

Current housing activity

Recent data from the Australian Bureau of Statistics dwelling approvals data (September 2020) show strong levels of dwelling approvals in metropolitan Melbourne, however, the distribution of these approvals is occurring unevenly across the metropolitan area. The growth areas have recently experienced record levels of approvals for detached houses with some 5,717 dwelling approvals in the September quarter 2020. To date, 15,656 detached houses have been approved across the growth areas in the nine months to September 2020 compared to 13,239 approvals over the same period in 2019. On the other hand, dwelling approvals in the established parts of Melbourne have declined since 2017 (the last peak) when 36,660 dwellings were approved compared to 25,668 dwellings in 2019 and 19,891 to September 2020.

Population growth prospects

Population growth is a key factor in the development of new housing. Until the Coronavirus COVID-19 pandemic, Victoria was the fastest growing state in Australia, with an average annual population increase over the last 5 years of 2.3 per cent

Population growth is a key factor in the development of new housing. As outlined in the *Victorian Budget 2020/21*, population growth is forecast to be significantly lower in the next two years compared to the average of 2.3 per cent over the past five years. Population growth is expected to drop to just 0.2 per cent in 2020-21. As international borders re-open, and confidence in the economic outlook improves, population growth is expected to slowly pick up to be 1.7 per cent by the end of 2023-24.

Future levels of net overseas migration are a key uncertainty for the population forecasts. It is assumed that migration levels, including temporary international student migrants, will start approaching pre-coronavirus (COVID-19) rates towards the end of 2023-24. If the recovery in net overseas migration occurs more slowly than currently expected, this would weigh on the longer-term economic outlook for the State.

Value of the UDP for monitoring the recovery

The data for the 2019 report was gathered before the coronavirus was identified in Australia and so the 2019 UDP report and data is a baseline of the residential redevelopment situation before the pandemic and subsequent slowing of the economy occurred. As a result, the data will be used to measure the economic recovery from this pandemic.

1.3 Residential land use policy

The Urban Development Program is used to monitor broad strategic residential land use policies that are aimed at redistributing Melbourne’s population over the long term.

15 years of land supply

Clause 11.02-1S of the Planning Policy Framework of the planning scheme identifies the need to “Plan to accommodate projected population growth over at least a 15-year period and provide clear direction on locations where growth should occur.” Supply from major redevelopment sites is one element of the land required to provide dwellings to service population growth. Supply is also provided through development in the Growth Areas and infill development.

Unlike the location of future greenfield development, which has been identified through a range of strategic planning documents, the horizon for major redevelopment sites is more short term. Given the short-term nature of identifying major redevelopment sites, an assessment of the number of years of supply for major redevelopment sites cannot be made using this site-specific information. However, monitoring of major redevelopment sites over a number of years indicates that the market identifies new opportunities. See section “4.2 Fifteen years of land supply” for a more detailed discussion.

70:30 aspiration for new dwellings

Plan Melbourne sets an aspirational scenario where 70% of net additional dwellings are to be located within established Melbourne and 30% in the growth areas. The latest available data, for 2019, shows 54% of new dwellings were approved in the established area of Melbourne compared to 46% in the growth areas (see section “4.3 *Plan Melbourne* 70:30 aspiration” for a more detailed discussion).

The 70:30 aspirational scenario is designed around a sustained change over a long time period. It is anticipated the share of new dwellings being built in the growth areas will decrease over time as greenfield land is used up and development increases in the established parts of Melbourne.

Victoria’s big housing build

The *Victorian Budget 2020/21* announced the *Big Housing Build*, a \$5.3 billion investment to construct more than 12,000 new homes throughout metro and regional Victoria, as well as supporting around 10,000 jobs, per year over the next four years.

The investment will deliver 9,300 new social housing homes which includes replacing 1,100 old public housing units. A further 2,900 new affordable and low-cost homes will be built to help low-to-moderate income earners live closer to where they work and provide options for private rental.

Projects meeting the criteria of the greenfield or redevelopment Urban Development Program will be included when detailed planning and delivery occur.

Building Victoria's Recovery Taskforce and Development Facilitation Program

The Victorian Government identified Victoria's building and construction sector as a key mechanism to revitalise Victoria's economy during the coronavirus (COVID-19) pandemic.

To support the construction industry, the Victorian government instigated the Building Victoria's Recovery Taskforce to identify and accelerate priority building and development projects that create jobs and stimulate growth in metropolitan, rural and regional Victoria. Priority projects are assessed for their capacity to protect and create jobs, stimulate economic growth and contribute to broader social objectives like affordable housing and emissions reduction. The taskforce operated between April 2020 and August 2020. The Building Victoria's Recovery Taskforce fast-track function will continue for at least the next 12 months with a dedicated team continuing to review and assess priority projects for accelerated approval, with the criteria for intervention refined to better reflect current priorities for Victoria's economic recovery. See section "4.1 Building Victoria's Recovery Taskforce and Development Facilitation Program" for a more detailed discussion.

Projects meeting the criteria of the greenfield or redevelopment Urban Development Program will be included when detailed planning and delivery occur.

2 Introduction

The 2019 Urban Development Program (UDP) reports and GIS data provide an updated analysis of supply and take-up of land for residential uses in greenfield areas and major redevelopment sites as well as industrial areas across metropolitan. In effect it monitors where Melbourne is growing.

This report outlines the main findings of the 2019 program. Comprehensive data and maps are also available from the planning portal, at www.planning.vic.gov.au

The Urban Development Program consists of three components:

Major residential redevelopment projects (this report) - information on residential projects of 10 or more¹ dwellings on non-greenfield land that is either planned or considered in the longer-term development pipeline². Most of these sites are in the inner and middle suburbs of Melbourne.

Greenfield residential land - information on the supply of greenfield residential land from englobo land through to its subdivision into retail lots.

Industrial land - information on the supply and consumption of industrial land across metropolitan Melbourne, as well as indicators on the zoning changes of industrial land.

2.1 What the residential redevelopment sites report measures

The Urban Development Program monitors and reports on major residential redevelopment projects across metropolitan Melbourne. Data is collected through analysis of aerial imagery, planning permits and commercial data sources.

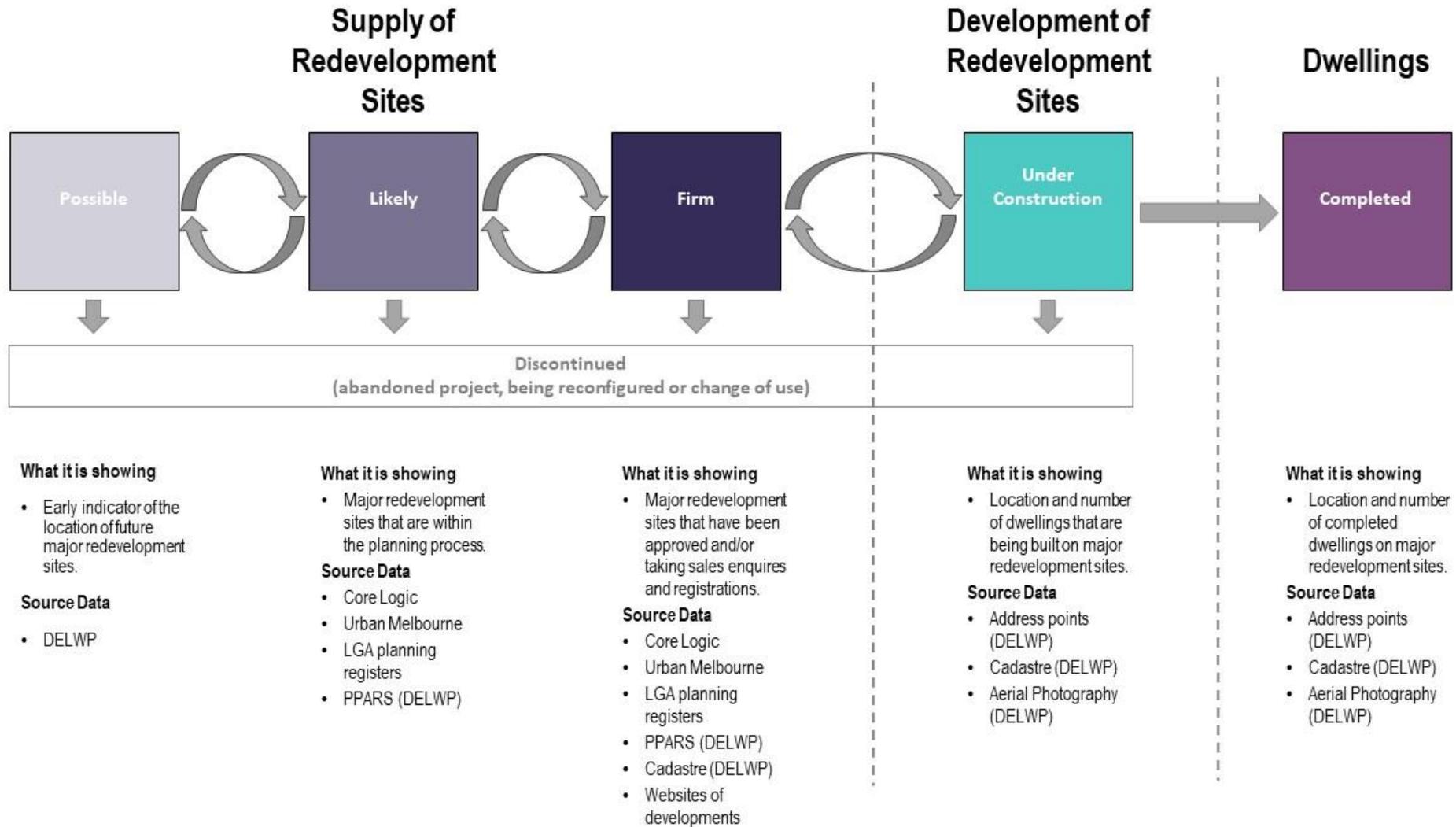
Development within the established parts of Melbourne takes the form of minor infill development (less than 10 dwellings in a project) as well as major redevelopment sites with 10 or more dwellings in a project. The supply of these major redevelopment sites are the subject of this report. The supply of minor infill is not monitored in the same way as major redevelopment sites are, however, they are identified when they are built and reported in DELWP's *Housing Development Data*.

Figure 1 provides an overview of the redevelopment pipeline. Projects within the pipeline can move between stages (forward or backward) or can be abandoned. Over the last two years, DELWP has gone through a process to clean up the redevelopment database to remove sites where there has been no activity to provide a more accurate picture of the supply through redevelopment.

¹ Small scale infill redevelopment projects of less than 10 dwellings are not currently included in the Urban Development Program. These types of dwellings make up approximately half of dwellings added to the housing stock in the established areas of metropolitan Melbourne each year. They are not included in the Urban Development Program report because small scale redevelopment is more difficult to identify using the existing method

² The development pipeline includes strategic sites identified for development, sites currently in the planning process, sites with planning approval or under appeal and sites currently under construction. Some sites with were planning approval has not been granted are included as long-term possible pipeline supply.

Figure 1: Urban Development Program major redevelopment sites pipeline.



Source: Department of Environment, Land, Water and Planning 2019.

3 Major residential redevelopment sites

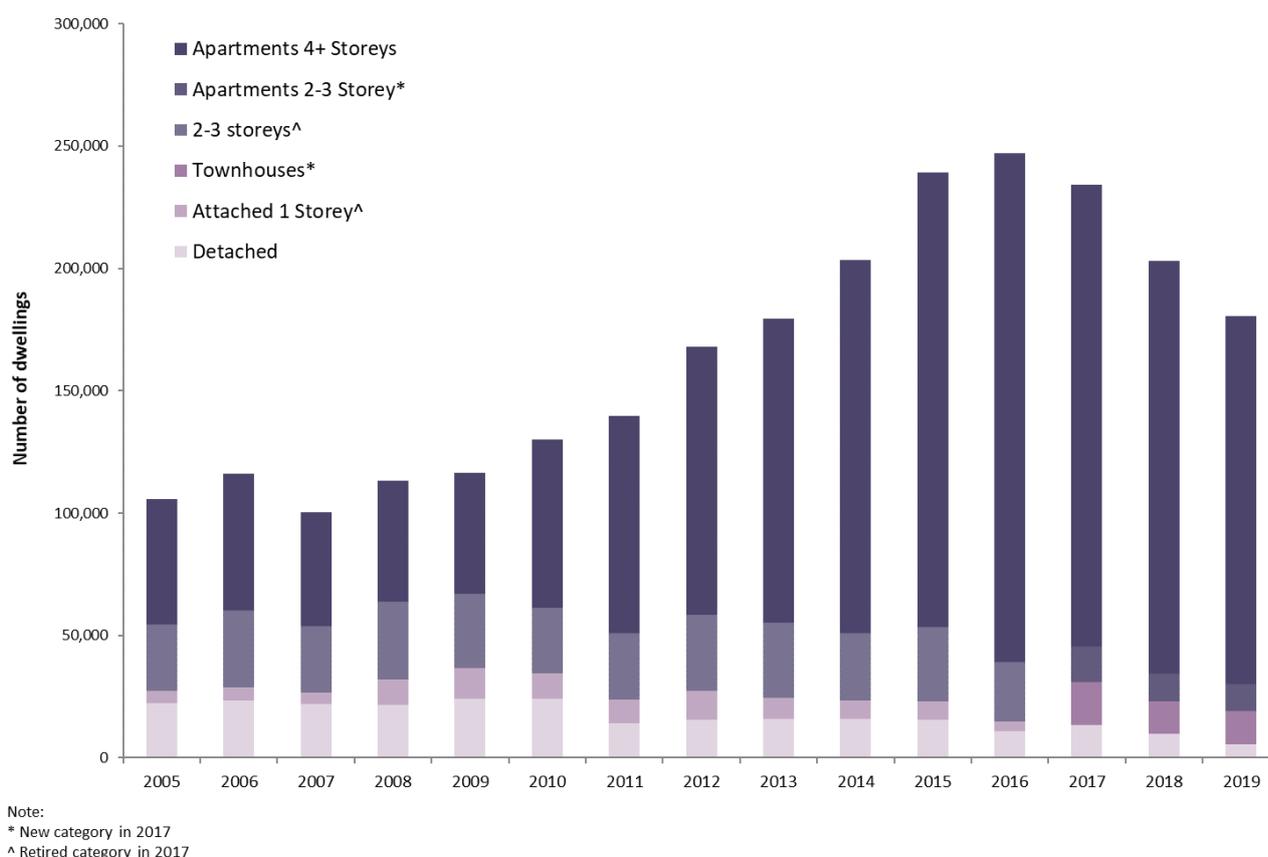
As at December 2019, there were around 180,500 dwellings on major residential redevelopment sites that were either under construction or in the development pipeline. The vast majority (83%) of dwellings proposed for major redevelopment sites are expected to be built in buildings of four or more storeys.

Compared to 2018, there has been a decrease of around 13% or 22,800 dwellings in the redevelopment pipeline in 2019. Some of this is due to projects being completed. However, the number of dwellings in the redevelopment pipeline has been declining since 2016. This decline in the supply of dwellings corresponds in the decline in apartment approvals in the inner suburbs, particularly in the City of Melbourne, since 2017.

Some of this decline is due to projects proposed for major redevelopment sites being discontinued at various stages. However, some redevelopment sites are withdrawn as residential projects and the site is repurposed for other uses such hotels, offices, etc. Some recent examples of this repurposing are:

- 383 La Trobe Street, Melbourne, which was originally approved for 488 dwellings as well as hotel and office space is now subject to an application for 44,000 square metres of A-Grade office space over 31 levels.
- 1-3 Como Street Malvern was approved for the development of 36 dwellings. This site has a current planning permit for an office development.

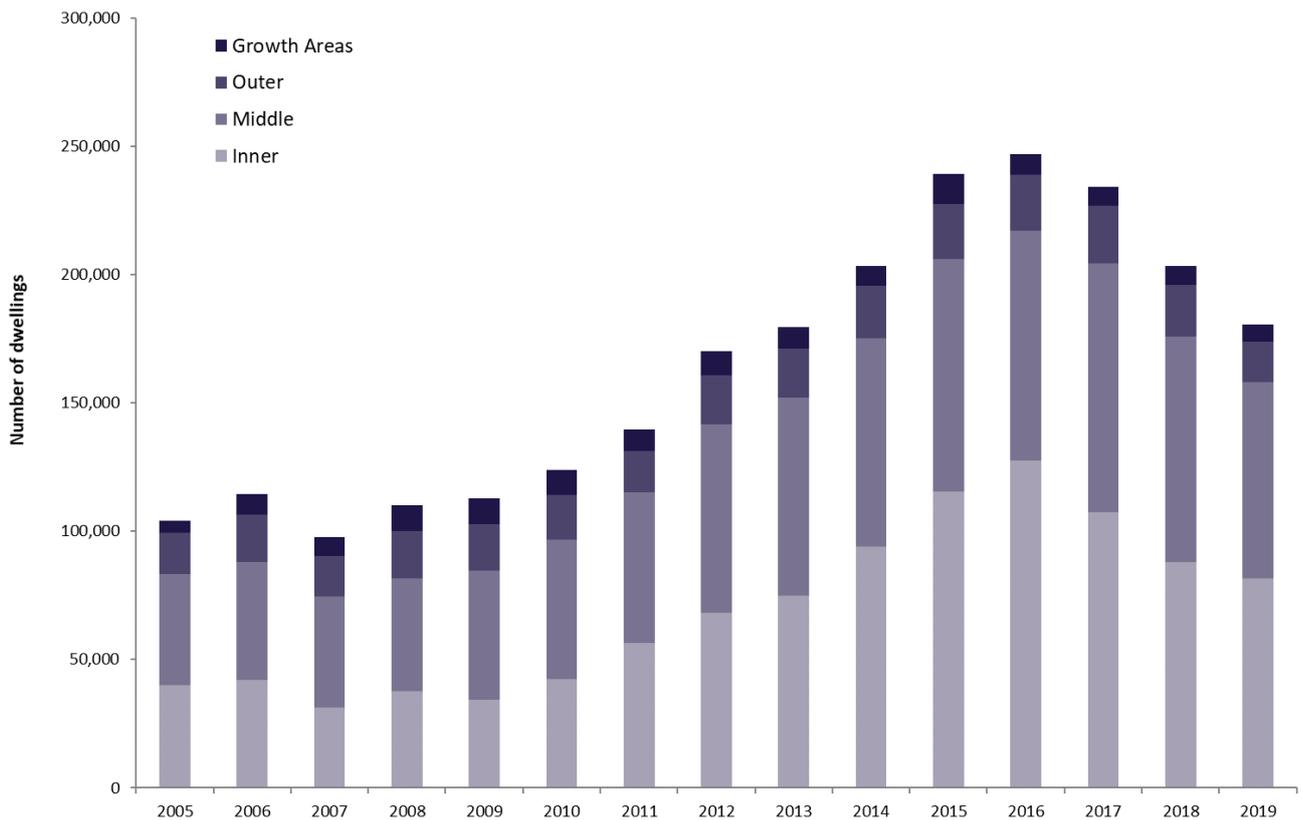
Figure 2: Annual major residential redevelopment pipeline of dwellings by built form.



Source: Department of Environment, Land, Water and Planning 2019.

The inner and middle ring municipalities continue to be the dominant regions for the supply of anticipated dwellings on major redevelopment sites with nearly 88% of dwellings.

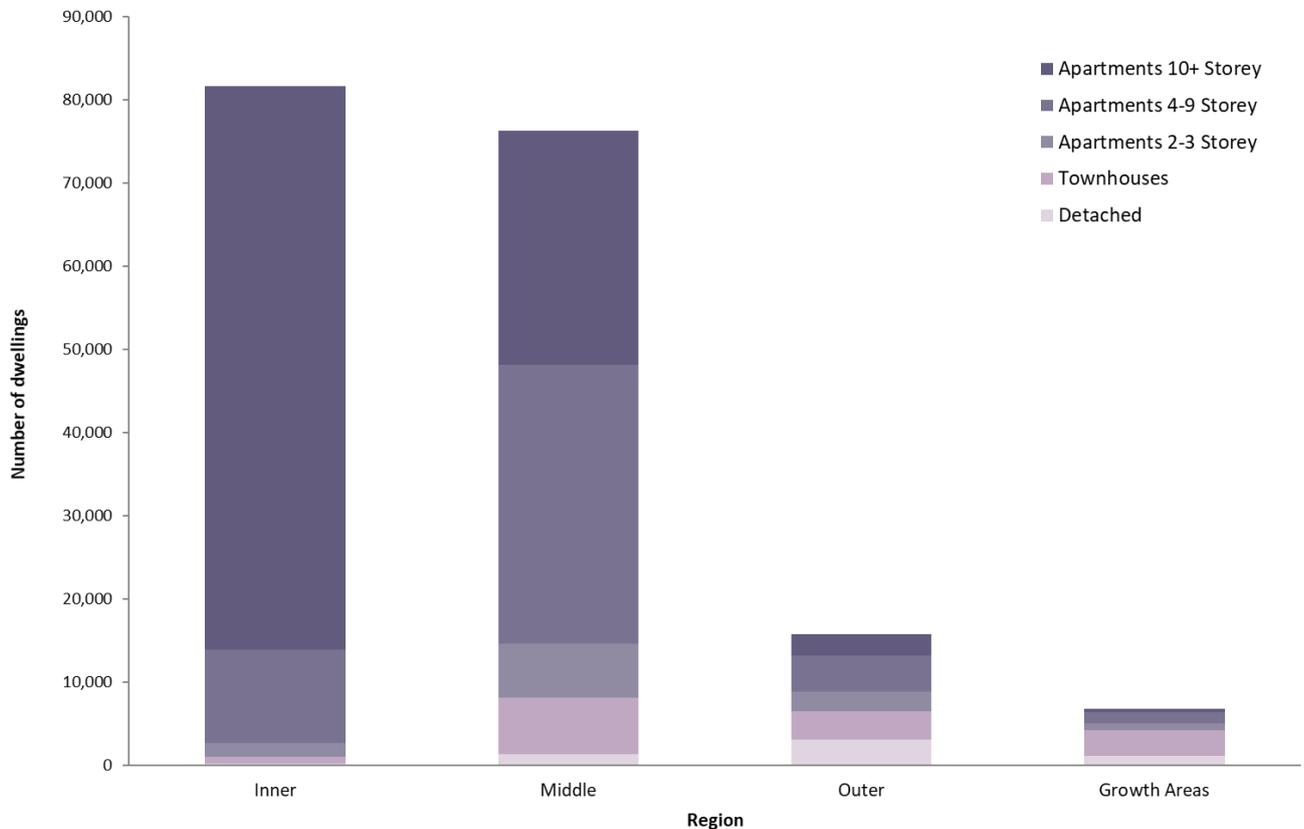
Figure 3: Residential redevelopment pipeline by region.



Source: Department of Environment, Land, Water and Planning 2019.

The majority (83%) of current and anticipated major development activity in inner Melbourne are in apartment projects of ten storeys or greater. In comparison, the middle ring, redevelopment projects provide a greater range of dwelling type (Figure 4). Apartment projects ten storeys or greater make up 37% of the middle ring dwelling pipeline, while low rise projects, such as detached houses, townhouse and low scale apartment projects make up nearly 20% of the dwellings in the pipeline.

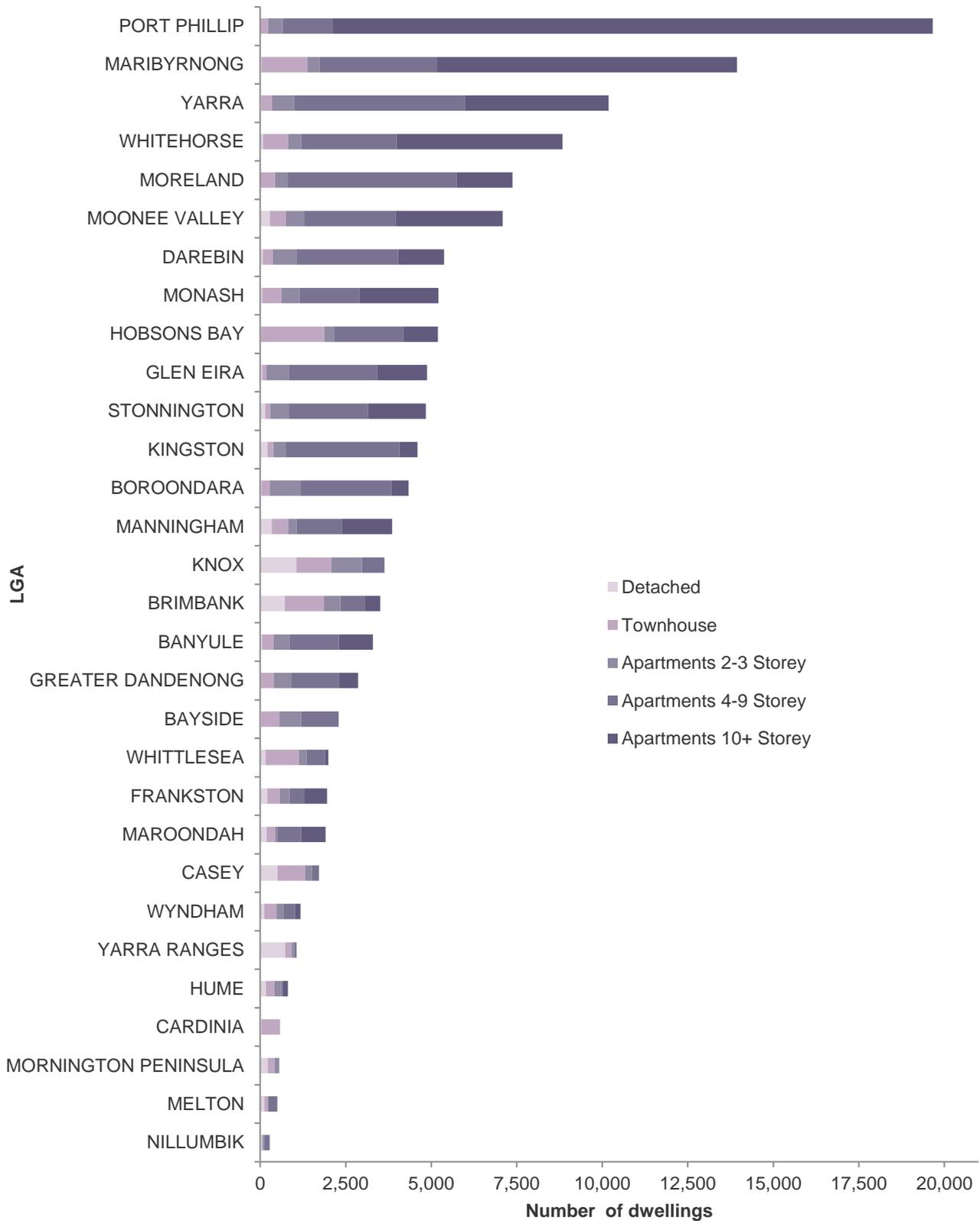
Figure 4: Residential redevelopment pipeline by region and built form.



Source: Department of Environment, Land, Water and Planning 2019.

Across the metropolitan region, 26% (46,950) of anticipated major redevelopment activity is in the Melbourne LGA and mainly consists of apartments greater than ten storeys. As can be seen in figure 5, Port Phillip, where opportunities exist for larger apartment buildings, has the second highest number of anticipated dwellings followed by Maribyrnong where there are some large redevelopment sites. The remaining Inner and Middle Ring LGAs have a mix of development types, with four to nine storey development common in most of these municipalities.

Figure 5: Residential redevelopment pipeline by LGA* and built form, 2019.



Source: Department of Environment, Land, Water and Planning 2019.

*Melbourne has been excluded as its inclusion would distort the scale.

4 Strategic land use policy and major redevelopment sites

Prior to the coronavirus pandemic, Victoria was the fastest growing state in Australia. Ensuring there is an adequate supply of residential land and housing to meet increasing demand driven by population growth is a key challenge for the Victoria.

4.1 Fifteen years of land supply

Clause 11.02-1S of the Planning Policy Framework of the planning scheme identifies the need to “Plan to accommodate projected population growth over at least a 15-year period and provide clear direction on locations where growth should occur.” Greenfield supply is one element of the land required to provide dwellings to service population growth. Supply is also provided through development on major redevelopment sites (10 or more dwellings) and infill development.

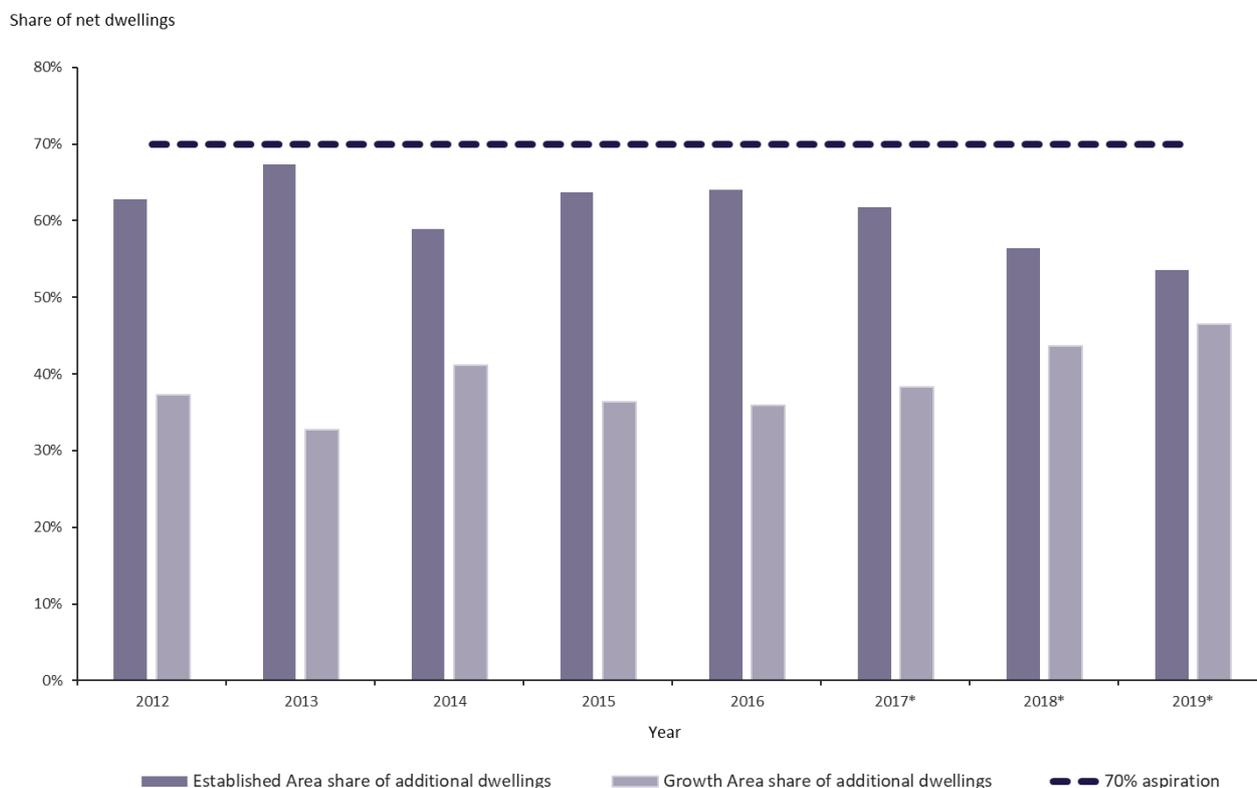
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4.2 Plan Melbourne 70:30 aspiration

Policy 2.1.2 of *Plan Melbourne* sets an aspirational scenario where 70% of net additional dwellings are located within established Melbourne and 30% in the growth areas. The 70:30 aspirational scenario is designed around a sustained change over a long time period. It is anticipated the share of new dwellings being built in the growth areas will decrease over time as greenfield land is used up and development increases in the established parts of Melbourne.

Figure 6 shows in some years the share of net additional dwellings in the established areas of Melbourne has approached 70%. Since 2016, the share of dwelling approvals occurring in the established parts of Melbourne have declined from 64% to 54% in 2019. This decline in the share of net dwelling approvals is due in large part to the decline in high rise apartment development in the inner city.

Figure 6: Share of net additional dwellings, Established Melbourne and Growth Areas, 2012 to 2019.



Source: Department of Environment, Land, Water and Planning, Housing Development Data, 2018.

* Australian Bureau of Statistics catalogue number 8731.0 and Small area demolition approvals.

The Department’s Housing Development Data (HDD) (Figure 6) measures the share of net additional dwellings between Established Melbourne and Growth Areas from 2012 to 2016. In addition to the HDD, the Australian Bureau of Statistics (ABS) has recently released preliminary data on the number of dwelling demolitions approved in New South Wales, Victoria and Queensland. By subtracting demolitions from ABS dwelling approvals an estimate of net additional dwellings can be determined. This method has been used to produce the data for 2017 to 2019. Table 1 shows how the net dwelling figures were produced using the gross dwelling approvals and subtracting the demolitions. Table 1 shows that there are many more demolitions in the established parts of Melbourne. This is because much of the land in the established parts of Melbourne have an existing building and so further development, for the most part, requires the demolition of an existing building.

Table 1: Net dwelling calculations, established area and growth areas, 2017, 2018 and 2019.

Calendar Year	Gross Dwelling Approvals		Dwelling demolitions		Net Dwelling Approvals	
	Established Area	Growth area	Established Area	Growth area	Established Area	Growth area
2017	38,635	19,923	6,816	184	31,819	19,739
2018	33,274	20,750	6,729	209	26,545	20,541
2019	26,282	18,064	5,794	275	20,488	17,789

Source: Australian Bureau of Statistics catalogue number 8731.0 and Small area demolition approvals.

4.3 Building Victoria's Recovery Taskforce and Development Facilitation Program

The Victorian Government identified Victoria's building and construction sector as a key mechanism to revitalise Victoria's economy during the coronavirus (COVID-19) pandemic.

To support the construction industry, the Victorian government instigated the Building Victoria's Recovery Taskforce to identify and accelerate priority building and development projects that create jobs and stimulate growth in metropolitan, rural and regional Victoria.

Between April 2020 and August 2020 Building Victoria's Recovery Taskforce sought to identify:

- shovel-ready building and construction projects of Victorian State and Regional significance and,
- planning and investment opportunities.

Applications were submitted from across Victoria for a range of projects, including commercial and mixed-use developments, residential dwellings, social and affordable housing, retail and industrial projects. Some of the successful redevelopment projects include:

- A 68-storey development at 640 Bourke Street, worth \$234 million, including 857 apartments, retail space and an art gallery
- A \$60 million residential development on the former Commonwealth Games village site at 67-81 Galada Avenue, Parkville.
- Two 4 storey apartment complexes including 53 social housing units in Reservoir valued at \$18 million.
- Two 12-storey apartment buildings at McCrae Street Dandenong valued at \$70m
- \$4.67 million Social Housing development at Wilma Avenue Dandenong
- An apartment development at 550 Epsom Road Flemington
- A project set to become Australia's tallest tower accommodating apartments, a hotel, commercial offices, a conference and entertainment centre at 118 City Road, Southbank.

Appendix Development status by LGA & Plan Melbourne region, December 2019.

LGA	Possible		Likely		Firm		Under Construction		Completed		Total Supply (excludes Completed)	
	Dwellings	Projects	Dwellings	Projects	Dwellings	Projects	Dwellings	Projects	Dwellings	Projects	Dwellings	Projects
BANYULE	303	12	1302	23	1382	29	311	12	623	16	3298	76
DAREBIN	1310	27	829	20	2784	75	455	12	1073	23	5378	134
HUME	323	9	65	4	214	8	212	6	146	6	814	27
MITCHELL	32	1	0	0	0	0	0	0	0	0	32	1
MORELAND	551	23	1132	18	3950	93	1744	19	1993	49	7377	153
NILLUMBIK	0	0	96	2	86	5	99	2	36	2	281	9
WHITTLESEA	311	8	54	4	1435	24	196	7	268	10	1996	43
NORTHERN REGION	2830	80	3478	71	9851	234	3017	58	4139	106	19176	443
KNOX	1204	15	664	19	1222	24	547	11	1139	25	3637	69
MANNINGHAM	1191	20	238	7	1357	31	1071	20	1503	26	3857	78
MAROONDAH	290	10	272	12	1173	21	182	8	730	15	1917	51
MONASH	346	11	314	9	1698	47	2851	18	818	12	5209	85
WHITEHORSE	1552	31	638	13	4999	56	1649	21	1343	22	8838	121
YARRA RANGES	175	6	91	5	605	19	188	6	349	12	1059	36
EASTERN REGION	4758	93	2217	65	11054	198	6488	84	5882	112	24517	440
CARDINIA	0	0	92	2	65	5	422	5	307	5	579	12
CASEY	127	6	169	6	865	21	556	6	233	13	1717	39
FRANKSTON	945	12	302	8	488	22	217	7	189	8	1952	49
GREATER DANDENONG	633	17	256	7	1616	44	355	11	379	10	2860	79
KINGSTON	1452	9	139	3	2845	52	160	6	1105	30	4596	70
MORNINGTON PENINSULA	89	5	38	1	140	8	296	10	420	21	563	24
SOUTHERN REGION	3246	49	996	27	6019	152	2006	45	2633	87	12267	273
BRIMBANK	528	7	1002	10	1279	25	702	6	493	10	3511	48
HOBSONS BAY	0	0	254	6	4685	26	258	8	227	9	5197	40
MARIBYRNONG	3245	20	2456	18	4201	42	4036	27	1119	19	13938	107
MELTON	231	6	47	4	46	4	180	3	26	1	504	17
MOONEE VALLEY	1802	15	1331	14	2458	45	1501	32	1788	23	7092	106
WYNDHAM	388	8	89	5	672	16	28	2	744	10	1177	31
WESTERN REGION	6194	56	5179	57	13341	158	6705	78	4397	72	31419	349
BAYSIDE	213	11	119	6	1303	32	658	15	681	20	2293	64
BOROONDARA	222	11	803	19	2276	80	1042	24	1067	33	4343	134
GLEN EIRA	1214	21	831	8	1399	53	1434	39	1868	59	4878	121
STONNINGTON	560	22	318	9	2351	76	1617	39	1520	41	4846	146
INNER SOUTH EAST REGION	2209	65	2071	42	7329	241	4751	117	5136	153	16360	465
MELBOURNE	4016	25	8503	24	19759	82	14660	38	8308	41	46938	169
PORT PHILLIP	2119	19	7505	27	7583	54	2454	22	1183	22	19661	122
YARRA	2371	24	1137	13	4658	55	2020	24	1820	32	10186	116
INNER METRO REGION	8506	68	17145	64	32000	191	19134	84	11311	95	76785	407
METROPOLITAN MELBOURNE	27743	411	31086	326	79594	1174	42101	466	33498	625	180524	2377

Source: Department of Environment, Land, Water and Planning 2019.

