

Housing outcomes in established Melbourne 2005 to 2016

Monitoring land use planning outcomes



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Environment,
Land, Water
and Planning

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Land Use and Population Research, DELWP

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Land Use and Population Research
Department of Environment, Land, Water and Planning
8 Nicholson Street
East Melbourne, 3002
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Introduction

The housing development data provides a unique insight into housing development activity across metropolitan Melbourne that complements the insights provided by The Australian Bureau of Statistics (ABS) building approvals data. In particular, the housing development data provides location specific information on the scale of housing change that enables analysis of the influence of land use policy.

This report profiles 12 years of housing development data collection from 2005 to 2016, a period that saw increased residential construction activity throughout Melbourne. The report highlights how housing development data can be used to understand changes in density, growth of housing in activity centres and the influence of zones and overlays on housing change.

1.1 Context

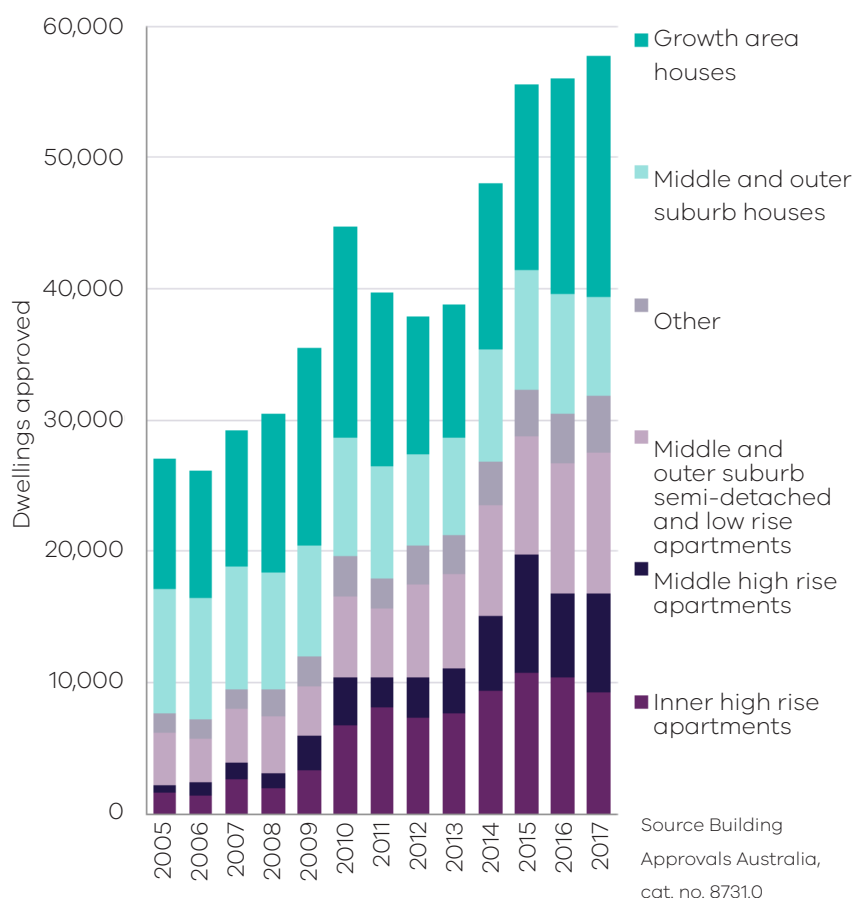
This report takes in a period of significant residential construction highlighted by record residential building approvals in Melbourne. Analysis of this data (figure 1) shows that:

- The total number of dwellings approved in Greater Melbourne doubled from around 27,000 in 2005 to nearly 58,000 in 2017.
- While subject to cycles, the number of detached houses approved in local government areas in Melbourne's growth corridors remained high and reached a record high of over 18,000 in 2017.
- The number of houses built in middle and outer LGAs¹ remained stable at about 9,000 each year.
- The number of semi-detached and low rise² apartments approved in middle ring and outer LGAs – mostly in the form of small scale infill development – more than doubled from about 4,000 in 2005 to nearly 11,000 in 2017.
- The number of high rise apartments approved increased from just over 2,000 in 2005 to reach a peak of nearly 20,000 in 2015 before declining to around 18,000 in 2017.
- The number of high rise apartments approved in middle ring LGAs increased significantly, rising from around 600 in 2005 to nearly 9,000 in 2015 to about 7,500 in 2017.

¹ Inner = LGAs of Melbourne, Port Phillip, Stonnington and Yarra; Middle = Banyule, Bayside, Boroondara, Darebin, Glen Eira, Hobsons Bay, Kingston, Manningham, Maribyrnong, Monash, Moonee Valley, Moreland and Whitehorse; Outer = Brimbank, Frankston, Greater Dandenong, Knox, Maroondah, Mornington Peninsula, Nillumbik and Yarra Ranges; Growth = Cardinia, Casey, Hume, Melton, Whittlesea and Wyndham.

² Houses = detached houses; Low rise = semi-detached, row and terrace houses and apartments in buildings of one, two or three storeys; High rise = apartments in buildings of four or more storeys.

Figure 1: Annual number of residential building approvals, Metropolitan Melbourne³



1.2 Why Housing Development Data

Housing development data generates information not provided by building approvals data. This includes data on the number of dwellings in a location, the specific location of new development, demolitions, and the type and scale of new development projects.

Housing development data records the construction and demolition of each individual dwelling in each year and includes a lot-by-lot 'snapshot' of the housing stock for each of those years.

By capturing the precise location of every individual dwelling and housing project, the housing development data allows for very detailed spatial analysis. The findings presented here are from the 12 years of currently available data from 2005 to 2016.

Reports presenting some key information for each local government area have also been prepared and are available at: <https://www.planning.vic.gov.au/land-use-and-population-research/housing-development-data>

The full dataset is also freely available from the Victorian Government's DataVic website. <https://www.data.vic.gov.au>

³ Building approvals are compiled from building permits issued by local councils and are a reliable indicator of what actually ends up being built. They are not the same as planning permits. Other = semi-detached, row and terrace houses and apartments in buildings of one, two or three storeys in inner Melbourne and all dwellings in outer suburbs and growth areas apart from detached houses.



The Central City

A significant number of apartments were developed in Melbourne's Central Business District and surrounding suburbs in between 2005 and 2016. As shown in Table 1, the number of dwellings in the suburbs of Melbourne, Southbank, and Docklands have more than doubled.

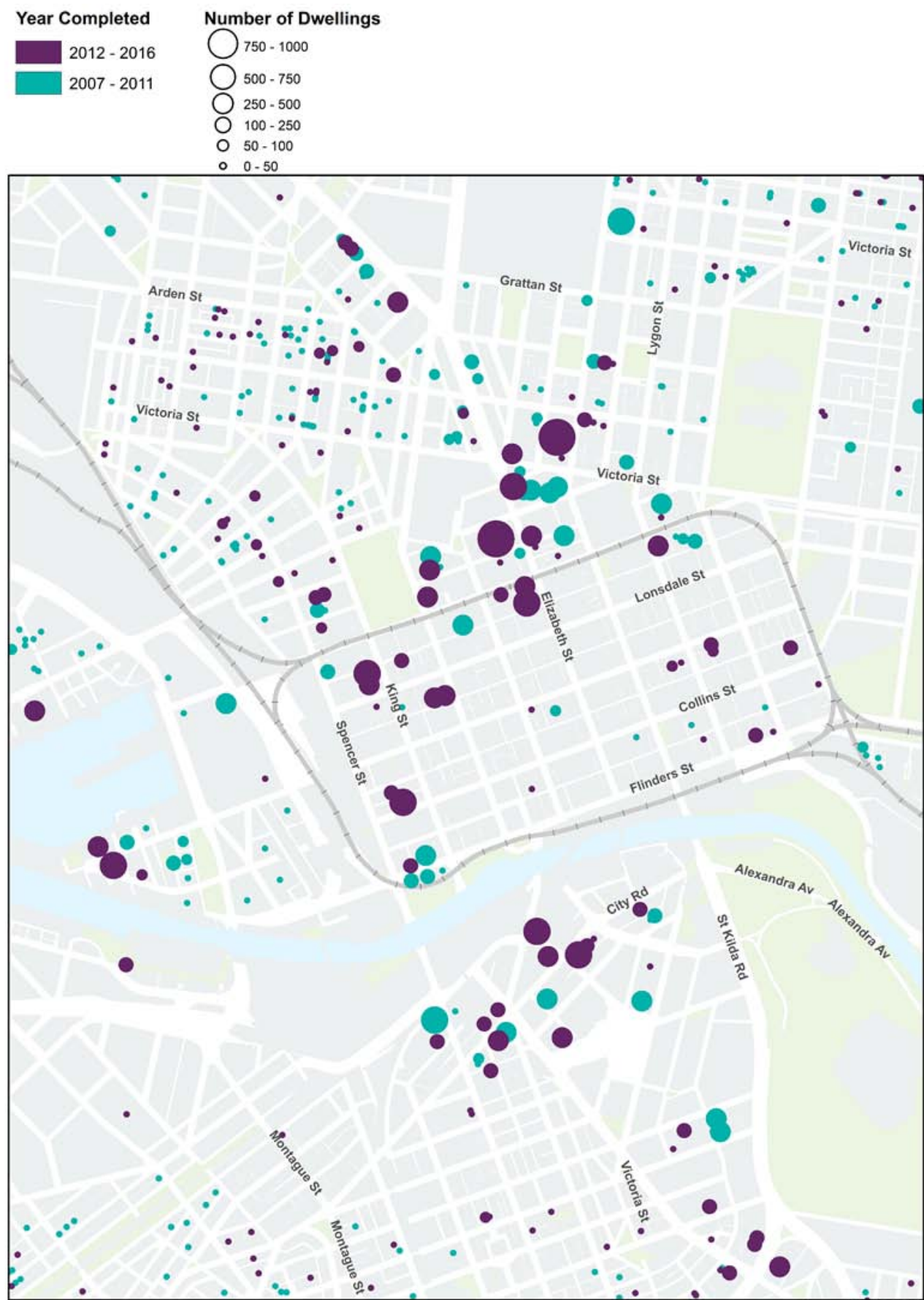
Table 1: Number of dwellings in the CBD and selected surrounding suburbs

Suburb	Stock 2004	Stock 2010	Stock 2016
Carlton	6,017	8,173	10,527
Docklands	2,391	3,748	8,822
Melbourne	11,744	17,968	31,036
Southbank	4,252	6,496	11,850

Source: HDD 2016

The built environment of the central city and surrounding areas now looks very different to how it did 20 years ago. Figure 2 maps the location of redevelopment projects in the central city for the 2005-2016 period. The housing development data shows that development projects increased in both number and size during the period from 2012-2016 compared with the preceding five years. This scale of change added impetus to the recent review and reform of central city built form controls for high rise development.

Figure 2: Map of residential development projects of ten or more dwellings in the central city area



Source: HDD 2016



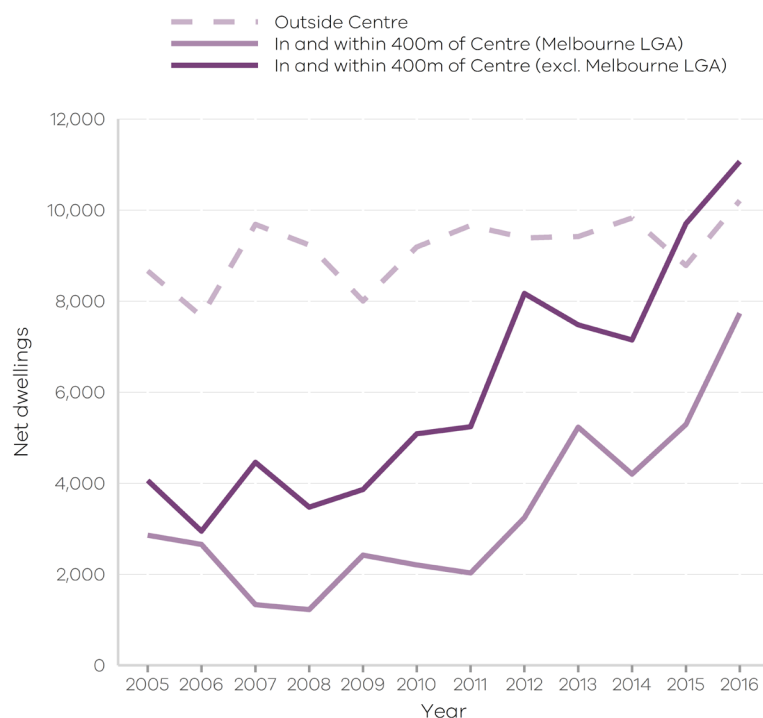
Activity Centres

Since the early 2000s, State and local planning policies have encouraged residential development in activity centres with the aim of strengthening the urban structure linking residents, employment, transport and services (Cl. 16.01-2 in the *Victorian Planning Provisions*). Most metropolitan planning schemes identify the land area that makes up an activity centre which typically includes a combination of mixed use, commercial and residential land. This land is generally supported by planning policy for high levels of residential growth while areas that surround activity centre boundaries are often supported for moderate levels of change.

Over the 2005 to 2016 period, established Melbourne added 220,000 dwellings of which 113,000 were either inside or within 400 metres of an activity centre (approximately 50% of net new dwellings). As per figure 3 the number of dwellings developed in and around centres has been steadily growing. The City of Melbourne accounts for around a third of activity centre growth or 40,000 dwellings.

Out of centre development is generally made up of low density infill projects that, as can be seen below, regularly deliver between 8,000 to 10,000 dwellings per annum.

Figure 3: Annual number of net additional dwellings in and around activity centres, established Melbourne⁴



Source: HDD 2016

⁴ This analysis examines growth in and around the 120 established centres defined in *Melbourne 2030* and the 13 new centres defined in *Plan Melbourne*. More areas will be added to this analysis in the future as housing directions are implemented into planning schemes.

As at December 2016, nearly a third (31%) of established Melbourne's⁵ 1.4 million dwellings were within 400 metres of an activity centre.⁶ Over the study period, the number of dwellings in and around established Melbourne's activity centres increased from approximately 335,000 dwellings in 2005 to 448,000 in 2016 enabling many more households to live in close proximity to services, jobs and fixed transport. Most significantly, the core areas of activity centres increased their housing stock by 89% (from approximately 86,000 dwellings in 2005 to 160,000 in 2016).

As shown in Table 2, a number of centres have undergone quite significant residential growth. This includes centres that in the mid-2000s had only a small number of residents and dwellings, for instance, Doncaster Hill, Hawthorn, Glenferrie Road, and North Essendon.

Table 2: Activity centres with highest change in dwelling stock within the Activity Centre boundary 2005-2016

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

Note: table revised April 2018

Source: HDD 2016

According to analysis by Charter Keck Kramer the vast majority of new apartment sales in Hawthorn, Doncaster and Brunswick over 2014-16 were under the median dwelling price for those suburbs.

Additionally, 2017 interviews with traders in the Heidelberg, Oakleigh and Moonee Ponds activity centres by Essential Economics identified improved safety and security and retail demand as benefits of growth in these centres.

⁵ Established Melbourne = LGAs of Melbourne, Port Phillip, Stonnington, Yarra, Banyule, Bayside, Boroondara, Darebin, Glen Eira, Hobsons Bay Kingston, Manningham, Maribyrnong, Monash, Moonee Valley, Moreland and Whitehorse, Brimbank, Frankston, Greater Dandenong, Knox, Maroondah, Mornington Peninsula, Nillumbik and Yarra Ranges.

⁶ 400m has been measured from the boundary of the centre as defined in local planning policy. If a centre did not have a defined boundary the commercial mixed use areas have been used as a default boundary.



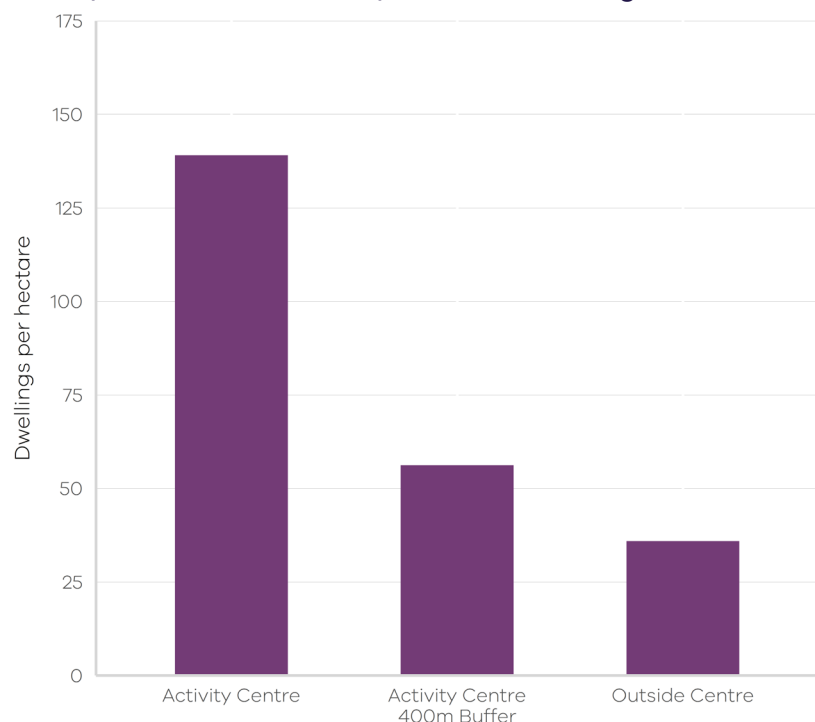
Development density

The parts of Melbourne with relatively high levels of access to jobs, services and transport are being developed at the highest residential densities, enabling more households to enjoy the benefits of living in these locations. As can be seen in figure 4, the density of recent development in and around activity centres significantly exceeds the density of new development outside of centres. This is consistent with long standing planning policy that seeks to direct higher density housing to activity centres and other accessible locations (Cl. 16.01-2 in the *Victoria Planning Provisions*).

The housing development data also demonstrates that outside of activity centres, housing is on average developed at relatively lower densities. This suggests that new development in these locations is in keeping with lower scale suburban character as per the requirements of local planning provisions.

Overall, the housing development data demonstrates that a mixture of development densities are being constructed throughout established suburbs. This mixture reflects the range of apartments, units and single dwellings that are being built, which for households means greater housing choice.

Figure 4: Average site density of projects in and around activity centres, established Melbourne, 2011-2016 (excluding Melbourne LGA)



Source: HDD 2016

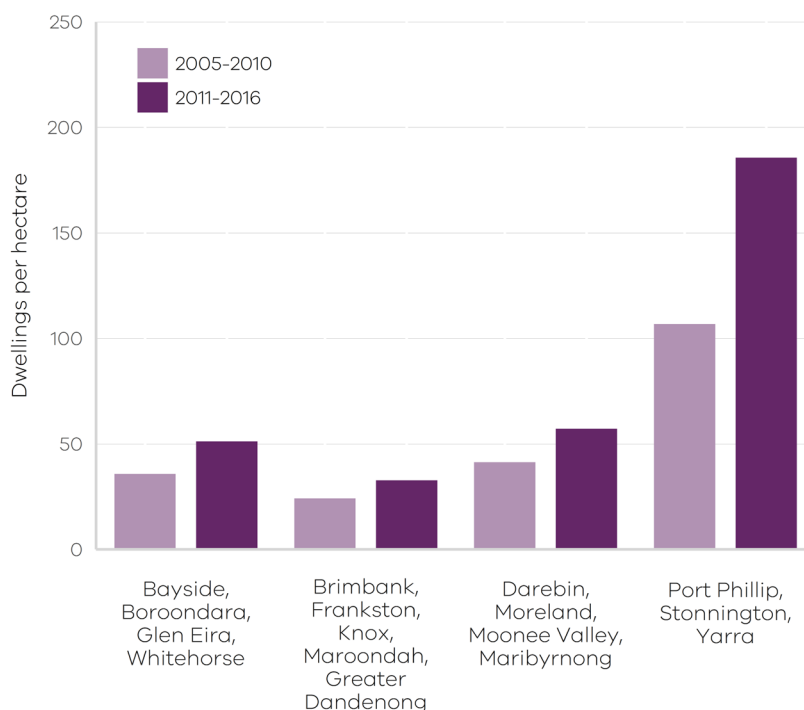
Overall, housing redevelopment projects are tending to increase in density, although this is not always the case.

Figure 5 shows that the majority of residential projects constructed from 2011-2016 were on average of a higher density compared with projects constructed between 2005-2010. Density of development tends to increase as developers gain confidence that housing at increased densities is viable and attractive to households and investors. Low density estates are, nonetheless, still built in Melbourne's established suburbs (the redevelopment of Kew Cottages at a density of 10 dwellings per hectare is one example).

The density shown in figure 5 is calculated by dividing the total number of dwellings in the development project by the total area of the project. This is a measure of site density, and is not comparable to density measures used in growth areas or larger precincts which tend to be calculated as a measure of gross density which includes access roads and other land uses.

The greatest increases in residential density have been in inner city municipalities where existing housing density was already relatively high. The City of Melbourne averages the highest level of development density in Victoria by a significant margin with new developments averaging more than 500 dwellings per hectare.

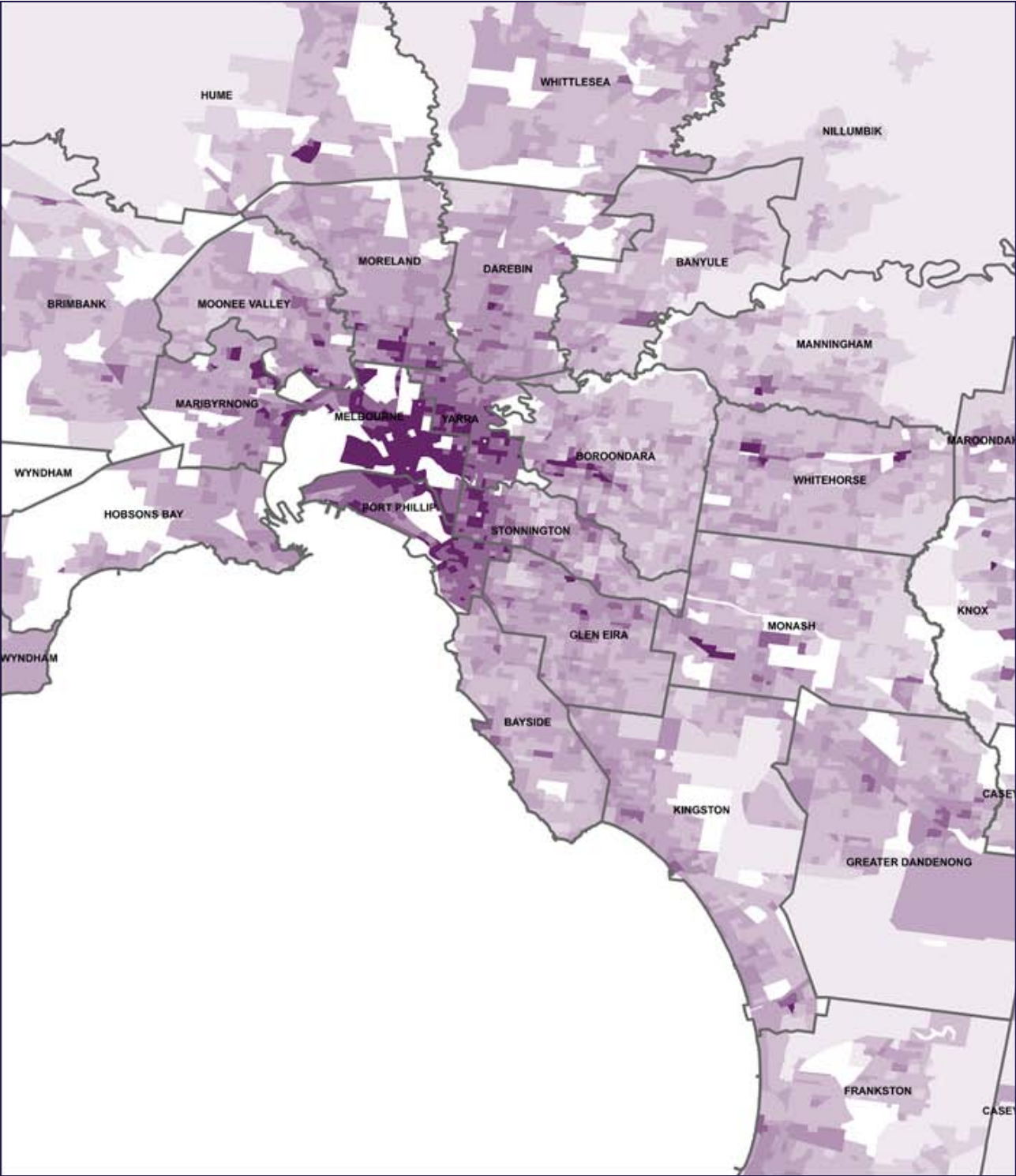
Figure 5: Average site density of residential development projects, selected groups of local government areas (LGAs)



Source: HDD 2016

The density of Melbourne's housing changes very gradually as only a very small proportion of the existing housing stock is redeveloped in any year. Figure 6 shows the site density of dwellings in Melbourne in 2016. Each SA1 (a statistical geography used by the ABS) is coloured according to the weighted average density of residential parcels within it. The map shows that the CBD and its immediate surrounds have a much higher site density than other parts of Melbourne. Outside of Melbourne's inner region, site density gradually decreases. There are, however, dense sites around tram and train lines and in activity centres.

Figure 6: Map of dwelling density in metropolitan Melbourne 2016



Dwellings Per Hectare in Metropolitan Melbourne

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

- 100+
- 50 - 100
- 30 - 50
- 20 - 30
- 15 - 20
- 5 - 15
- Less than 5

Source: HDD 2016



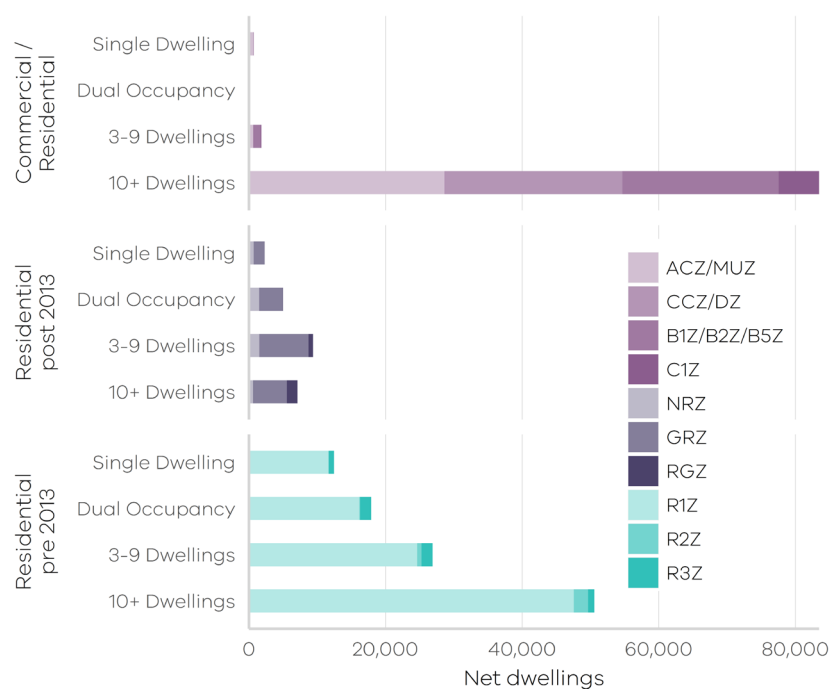
Development by planning zones

Over the period between 2005 and 2016, the majority of residential development occurred on residentially zoned land (as compared with land zoned for other purposes such as industrial and commercial uses). As can be seen in figure 7, development in residentially zoned land encompasses a wide variety of development formats including large numbers of single dwellings, dual occupancy and small-scale unit development as well as major redevelopments.

There are also a number of planning zones that allow for a mixture of residential and commercial uses including the Capital City Zone (CCZ) and Commercial 1 Zone (C1Z). Development projects in these zones tend to be at higher densities and tend to yield significant numbers of new dwellings often near transport and services.

It is important to note that between 2005 and 2016, the names and objectives of a number of zones changed, specifically business zones changed to commercial zones and the residential zones were reformed.

Figure 7: Net dwellings by project size and zone at construction 2005-2016 (excluding growth area LGAs)⁷



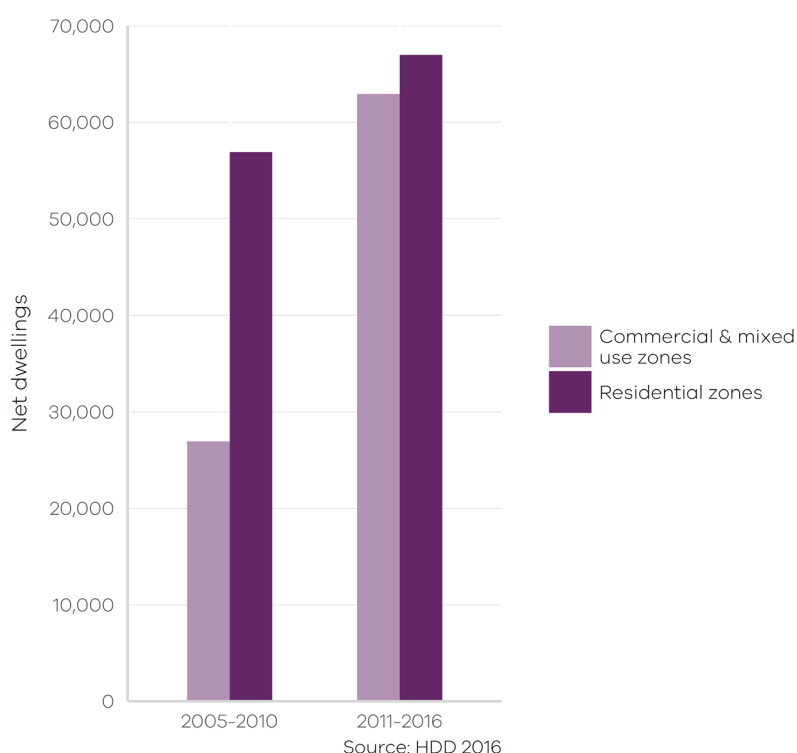
Source: HDD 2016

⁷ The B1Z, B2Z, B5Z, are the former business zones that were replaced in 2013 by the Commercial Zones (C1Z, C2Z). R1Z, R2Z, R3Z are the former residential zones that were replaced by the reformed residential zones in 2013 which are RGZ (Residential Growth Zone), GRZ (General Residential Zone) and NRZ (Neighbourhood Residential Zone). Other major zones in which residential development is permitted include CCZ (Capital City Zone), DZ (Dockland Zone), ACZ (Activity Centre Zone) and MUZ (Mixed Use Zone).

Mixed use/commercial areas have become an increasingly important source of Melbourne's housing supply. Figure 8 shows that development in commercial areas has increased in both number and as a percentage of overall development, up from 30% of new dwellings in 2005-2010 to nearly 50% in 2011-2016. This is further evidence of the growth and diversification of commercial/mixed use areas in supporting population growth.

A third of the commercial/mixed use dwelling growth over the 2011-2016 occurred in the Capital City and Docklands Zones, while another third occurred in the Commercial 1 Zone.

Figure 8: Net dwellings by residential and commercial zones 2005-2016 (excluding growth area LGAs)





Heritage

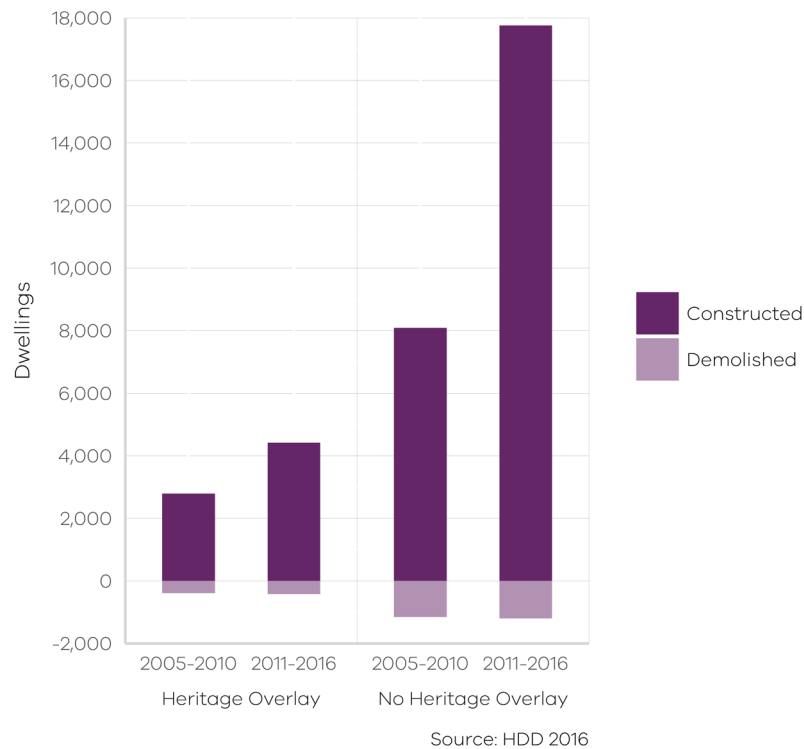
Heritage precincts and buildings provide appealing streetscapes and valued neighbourhood character as well as a cultural connection to the past. The Heritage Overlay controls recognise and protect heritage areas and buildings.

The housing development data for Yarra, Port Phillip and Stonnington LGAs to 2016 (figure 9) shows that the Heritage Overlay is a significant constraint on demolition. In addition, the housing development data demonstrates that the volume and density of new development within heritage areas is also significantly less than development in locations not subject to the Heritage Overlay.

Port Phillip, Yarra and Stonnington each have extensive areas covered by the Heritage Overlay (in combination 44% of the commercial and residential land in these municipalities is covered by the Heritage Overlay). Over the 2005-2016 period significant numbers of new dwellings were added in these municipalities, the vast majority of which, in locations not subject to heritage controls.

Housing change, nonetheless, occurs within heritage areas which is often the result of the adaptive re-use, and repurposing of former industrial and commercial heritage buildings for new residential purposes. The re-use of heritage buildings in high value locations is a global trend which helps heritage areas adapt to the changing role of places particularly in response to economic change. Re-use also helps save in the cost of materials and energy while conserving the cultural characteristics of individual properties and areas. At times, buildings that are deemed non-contributory to the character of heritage precincts are approved for demolition by local authorities.

Figure 9 : Number of constructed and demolished dwellings in heritage overlays in Yarra, Port Phillip and Stonnington, 2005-2016



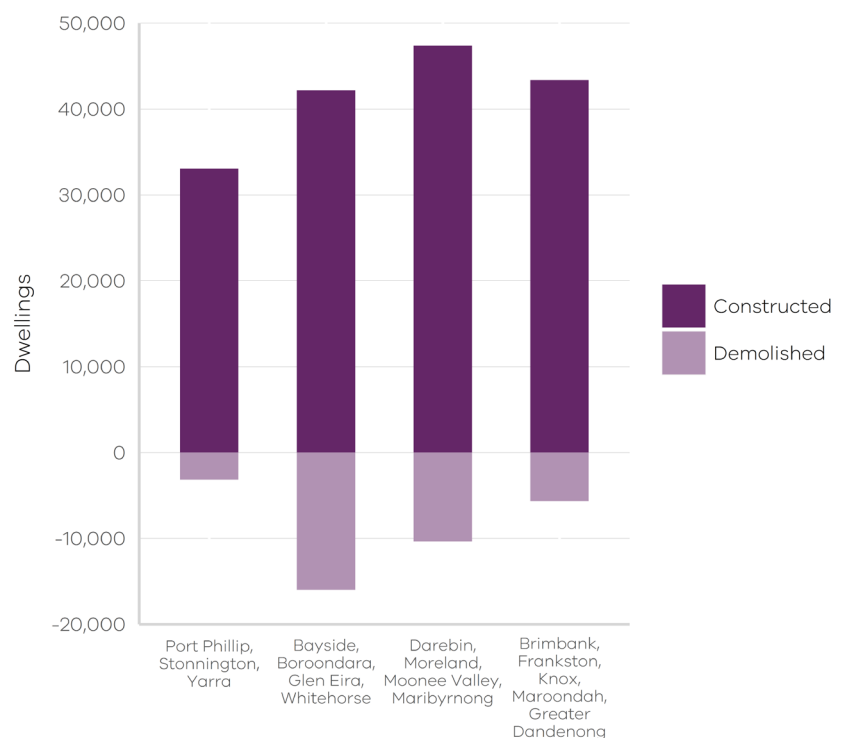


Demolition of dwellings

Housing development data provides a unique source of information on the precise location of demolitions and the resulting number of new dwellings.

Figure 10 shows the number of dwellings demolished and constructed in the twelve-year period from 2005-2016 in selected municipalities. The inner-city area (Port Phillip, Stonnington and Yarra) have the fewest demolitions in total and as a percentage of constructed dwellings. These areas also have the highest levels of heritage controls and therefore the greatest restrictions on demolition (in Yarra 70% of lots are covered by a heritage overlay). In these municipalities, the majority of new housing development occurs on land converted from non-residential uses to zones that allow for a mixture residential and commercial uses. In contrast, new development in the middle and inner southern and eastern municipalities of Bayside, Boroondara, Glen Eira and Whitehorse more often entails demolition. This is, however, not always to facilitate additional numbers of new dwellings as demolition in these municipalities often involves the replacement of an existing dwelling by a new single dwelling.

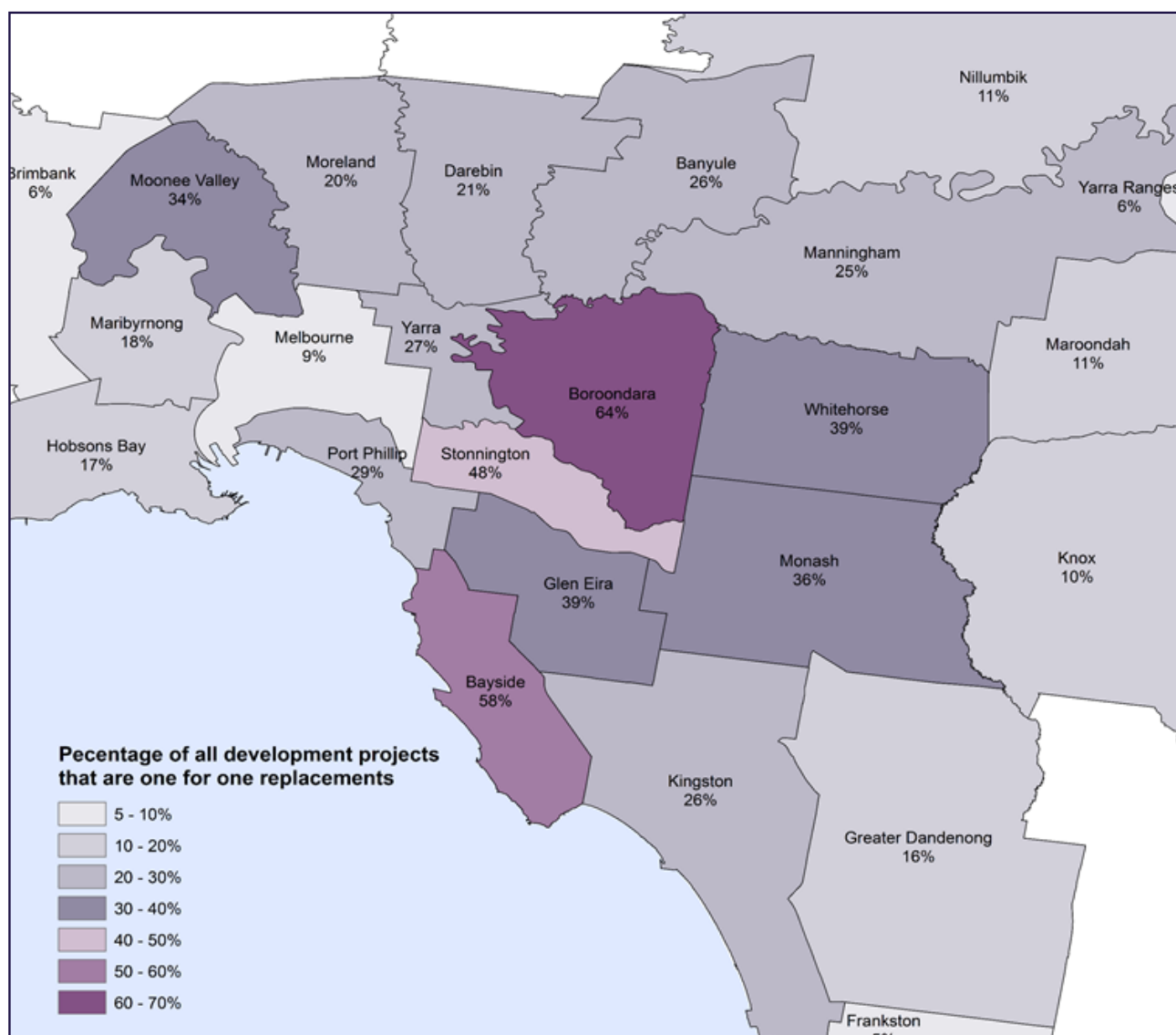
Figure 10: Number of constructed and demolished dwellings, 2005-2016, selected LGA groups



Source: HDD 2016

The map below (figure 11) shows the percentage of construction projects that are one-for-one replacements by LGA. The areas with a high number of demolitions (figure 10) have the highest proportion of one-for-one replacement development projects. The map shows that most development projects in Bayside (58%) and Boroondara (64%) are one for one replacement projects. In Stonnington 48% of development projects are one for one projects while in Monash 36% of development projects are one for one replacements. Moonee Valley is the next highest with 34%.

Figure 11: One-for-one replacements 2005-2016, established Melbourne





Next steps

Over the next 12 months, the Department of Environment, Land, Water and Planning will use the housing development data to examine outcomes in the reformed residential zones and within Melbourne's growth areas. The housing development data will continue to be collected, published and reported on. The 2017 and 2018 housing development data will be available in the latter part of 2019.

