

Planning for Housing

July 2023

This practice note provides guidance about how to plan for housing growth and protect neighbourhood character to ensure a balanced approach to managing residential development in planning schemes.

This practice note should be read with *Planning Practice Note 91: Using the Residential Zones*.

Why is it important to plan for housing?

Housing is influenced by a range of demographic, environmental, physical, social and economic influences. These include population growth and changing household formation patterns, the natural and built environments, land use patterns, location and accessibility to infrastructure and services, social and cultural values, the cost of housing, employment opportunities, individual preferences and lifestyle choices.

Many of the changes occurring to the Victorian housing market are due to population changes. Victorians are ageing, having fewer children, forming smaller households and preferring different lifestyles. These changes have impacted on the demand, type and location of housing. Housing markets are becoming much more diverse as evidenced by the increasing popularity of high-rise apartment living on the one hand and semi-rural and coastal living on the other.

Lifestyle and preference changes have affected the housing market in several ways, creating demand for new and diverse housing. Victoria is experiencing unprecedented population growth and Melbourne is projected to become Australia's largest city.

Each municipality will experience the effects of this growth in different ways and will need to plan for population growth and additional households in its local communities.

When planning to accommodate projected population and housing change, planning authorities are required to effectively plan for this change by considering relevant environmental, social and economic factors, and where conflict arises, balance competing objectives in favour of net community benefit and sustainable development.

Housing and the Planning Policy Framework

The Planning Policy Framework (the PPF) is part of all planning schemes in Victoria and sets out the context for spatial planning and decision making. It includes state, regional and local planning policies and set outs a planning authority's obligations in relation to planning for population growth and managing housing change. See Table 1.

The PPF requires planning authorities to:

Plan to accommodate projected population growth over at least a 15-year period and provide clear direction on locations where growth should occur. Residential land supply will be considered on a municipal basis, rather than a town-by-town basis.

Planning for urban growth should consider:

- Opportunities for the consolidation, redevelopment and intensification of existing urban areas
- Neighbourhood character and landscape considerations
- The limits of land capability and natural hazards and environmental quality.
- Service limitations and the costs of providing infrastructure.

The PPF also requires planning authorities to consider the following region-specific strategies as relevant:

- Central Highlands Regional Growth Plan (Victorian Government, 2014)
- G21 Regional Growth Plan (Geelong Region Alliance, 2013)
- Gippsland Regional Growth Plan (Victorian Government, 2014)
- Great South Coast Regional Growth Plan (Victorian Government, 2014)
- Hume Regional Growth Plan (Victorian Government, 2014)
- Loddon Mallee North Regional Growth Plan (Victorian Government, 2014)
- Loddon Mallee South Regional Growth Plan (Victorian Government, 2014)
- Wimmera Southern Mallee Regional Growth Plan (Victorian Government, 2014)

Plan Melbourne 2017-2050: Metropolitan Planning Strategy (Department of Environment, Land, Water and Planning, 2017)

Planning authorities should use Victorian Government population projections and land supply estimates when planning for population growth and managing housing change.

Table 1: Key PPF housing and settlement policies

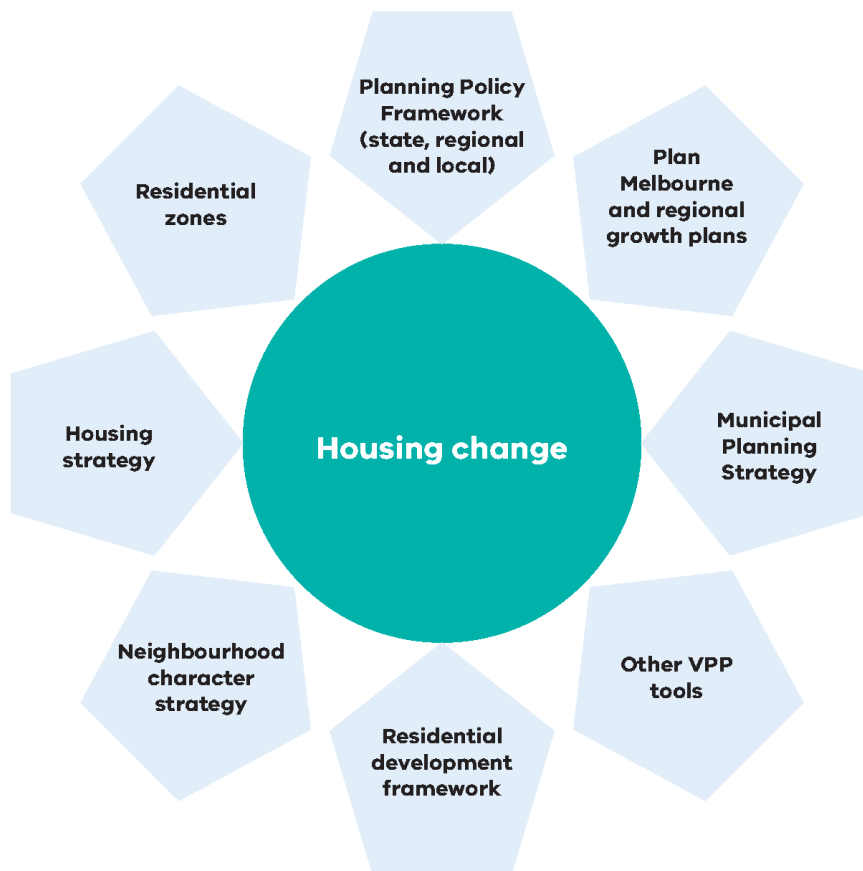
Clause	Policy
11.01-1S Settlement	<p>Ensure regions and their settlements are planned in accordance with their relevant regional growth plan, or Plan Melbourne.</p> <p>Develop compact urban areas that are based around existing or planned activity centres to maximise accessibility to facilities and services.</p>
11.02-1S Supply of urban land	<p>Plan to accommodate projected population growth over at least a 15-year period and provide clear direction on locations where growth should occur.</p> <p>Residential land supply will be considered on a municipal basis, rather than a town-by-town basis.</p> <p>Planning for urban growth should consider:</p> <ul style="list-style-type: none"> • opportunities for the consolidation, redevelopment and intensification of existing urban areas • neighbourhood character and landscape considerations • the limits of land capability and natural hazards and environmental quality • service limitations and the costs of providing infrastructure.
15.01-5S Neighbourhood character	<p>Support development that respects the existing neighbourhood character or contributes to a preferred neighbourhood character.</p> <p>Ensure the preferred neighbourhood character is consistent with medium and higher density housing outcomes in areas identified for increased housing.</p>
16.01-1S Housing supply	<p>Increase the proportion of housing in designated locations in established urban areas (including under-utilised urban land) and reduce the share of new dwellings in greenfield, fringe and dispersed development areas.</p> <p>Encourage higher density housing development on sites that are well located in relation to jobs, services and public transport.</p> <p>Identify opportunities for increased residential densities to help consolidate urban areas.</p> <p>Facilitate diverse housing that offers choice and meets changing household needs by widening housing diversity through a mix of housing types.</p> <p>Plan for growth areas to provide for a mix of housing types through a variety of lot sizes, including higher housing densities in and around activity centres.</p>

Housing and local area planning

Housing change is an inevitable and ongoing process. Tensions can arise between housing and neighbourhood character objectives. If these tensions are not adequately managed this creates uncertainty about future development outcomes.

Planning authorities play a critical role in guiding the location and form of housing and settlement patterns to meet the needs of Victoria’s growing population.

Figure 1: Planning for housing change



The strategic planning process

Planning for housing change can provide certainty for the community about where change is likely to occur as well as what form it should take.

To respond to state and regional planning policies and provide clear directions about where housing growth should occur, a planning authority will normally undertake some form of strategic planning to underpin the vision and strategic directions set out in the Municipal Planning Strategy (the MPS).

Figure 2: The strategic planning process

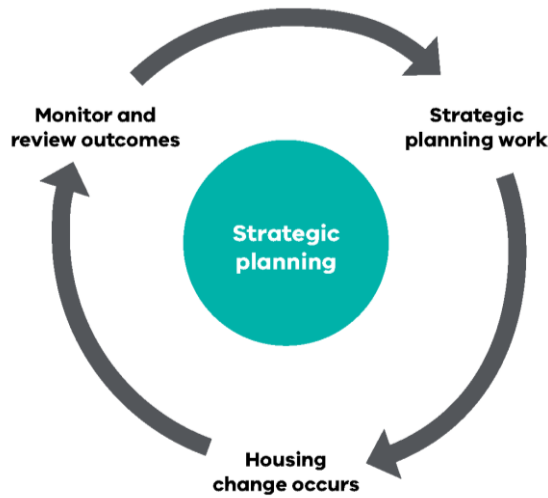
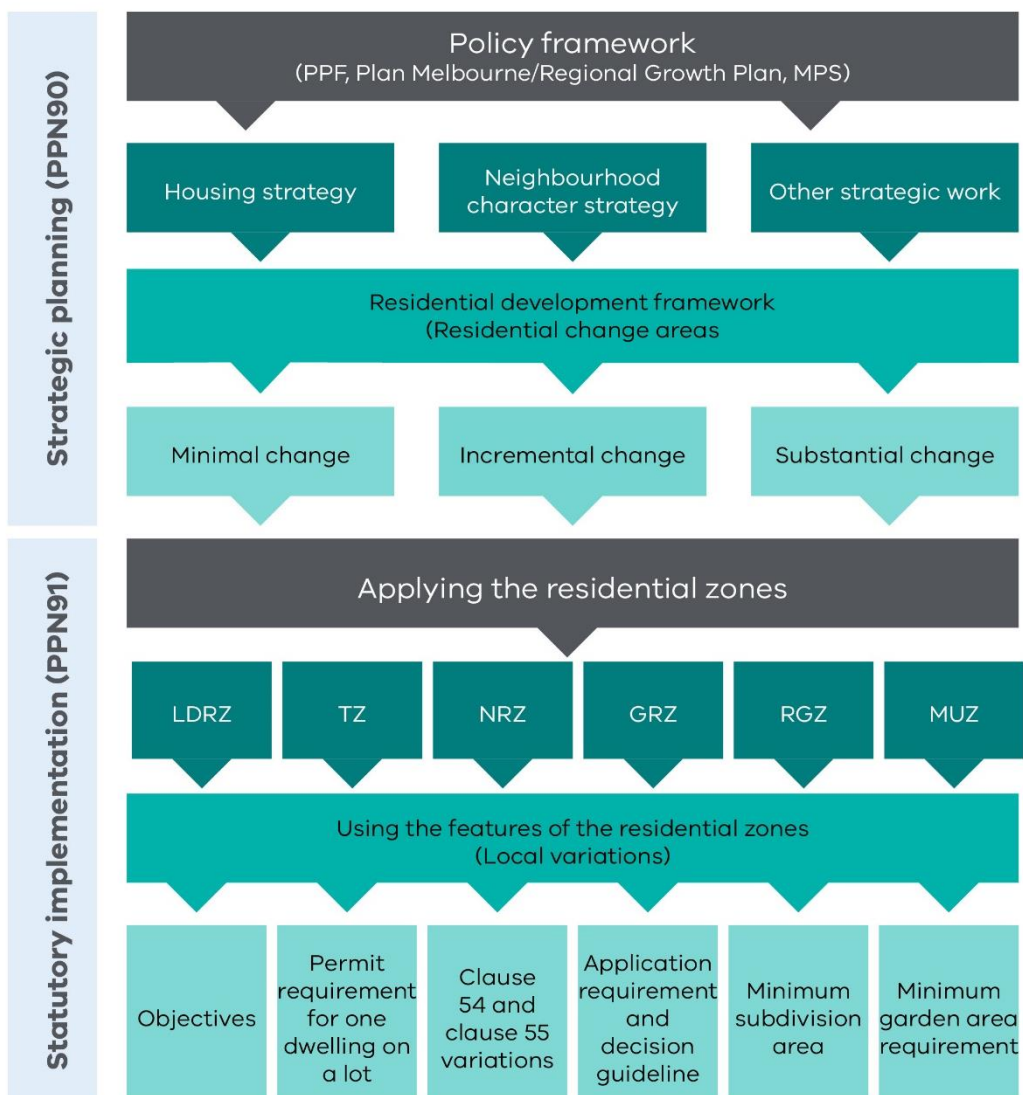


Figure 3: Balancing housing growth and protection of neighbourhood character



Undertaking local strategic studies

This strategic planning is typically expressed in the form of a housing strategy which may also be accompanied by a neighbourhood character strategy along with other relevant strategic work such as heritage, landscape, environmental or land capability studies.

A local housing strategy:

- ensures a range of housing opportunities are available across the municipality to meet the needs of the projected population
- outlines the strategies and implementation mechanisms to accommodate the projected population and household needs
- identifies where and how the housing needs of the future population will be met across the municipality
- identifies suitable locations for housing growth including those areas close to services, jobs, public transport, activity centres, and strategic development areas.

While a housing strategy identifies the extent and nature of future housing, a neighbourhood character strategy assists in identifying valued characteristics of areas that need to be considered when identifying the preferred future character for residential areas. Actions can then be identified to ensure that existing character is respected, or a preferred new character is achieved.

A local neighbourhood character strategy:

- considers both the public and private realms
- provides strategic direction for neighbourhood character to guide future development through preferred neighbourhood character statements or neighbourhood character objectives
- identifies the comparative significance of each neighbourhood character area. In assessing the significance of areas, comparisons need to be made, not only with other parts of the municipality but also with the wider region
- forms the basis for neighbourhood character statements, policies, objectives and local variations to clause 54 and clause 55 being included in residential zone schedules, a Neighbourhood Character Overlay or other overlay.

Neighbourhood character is not a static concept, it is dynamic and evolves over time to meet contemporary housing needs. For example, **respecting** character does not mean **protecting** character in an incremental change area.

The neighbourhood character strategy should demonstrate that housing objectives have not been prejudiced when determining areas for the protection of existing neighbourhood character.

To achieve this, a neighbourhood character strategy should feed into a residential development framework that identifies minimal, incremental and substantial change areas to balance the need to protect valued character with the need to ensure housing growth and diversity.

What does 'respect' mean?

Respecting character does not mean preventing change. In simple terms, respect for the character of a neighbourhood means that development should be designed in response to its context.

Depending on the neighbourhood, there are two broad approaches to respecting character:

- respecting the bulk and form of surrounding development
- respecting the architectural style of surrounding development.

Respecting neighbourhood character does not mean mimicry and pattern book design or limiting the scope of design interpretation and innovation. Instead, it means designing the development in response to the features and characteristics identified in the neighbourhood.

What is preferred neighbourhood character?

Under clause 54 and clause 55, new development should respect the existing neighbourhood character or contribute to a preferred neighbourhood character.

Preferred neighbourhood character is either:

- the existing character of an area; or
- an identified future neighbourhood character different from the existing character of an area.

Where the existing neighbourhood character is the preferred neighbourhood character, it is important to identify the existing features and characteristics of the area to be respected.

A preferred neighbourhood character statement can articulate the valued features and characteristics of an area to be respected by new development. There is no prescribed format for a preferred neighbourhood character statement. Its form will depend on several factors including the features and characteristics of an area or municipality, the housing outcomes sought and the views of the local community.

It is important that preferred neighbourhood character statements are 'forward-looking' so that if an area is identified for increased housing growth, the growth is not undermined by neighbourhood character policies that seek to maintain the existing neighbourhood character.

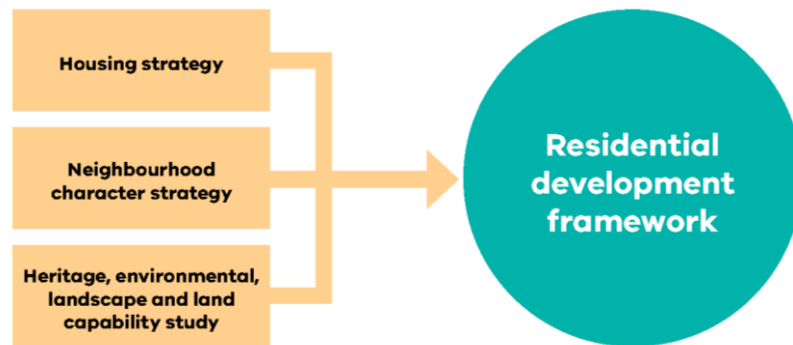
Creating a residential development framework

A residential development framework provides a means to balance the outputs of a housing strategy and neighbourhood character strategy by enabling a planning authority to holistically plan for housing change over 15 years to meet their obligations under clause 11.02-1S of the PPF.

A residential development framework will normally comprise the outputs of the strategic work undertaken through the development of a local housing strategy and/or a local neighbourhood character strategy and any other pieces of strategic work such as a heritage, landscape, environmental or land capability study.

Creating a residential development framework can help to bring all these issues together into a coherent strategic vision containing a plan, or plans, that balances competing objectives by prioritising preferred development outcomes for different areas.

Figure 4: Inputs for a residential development framework



Identifying change areas

One of the key actions associated with developing a residential development framework is the identification of housing change areas.

Change is relative to its context. The existing built form of an area should always be the starting point when planning for change.

This should inform strategic planning work for identifying housing change areas of minimal, incremental and substantial change through a residential development framework.

Identifying housing change areas provides a means for prioritising competing housing and neighbourhood character objectives arising out of local strategic work. It also provides the basis for the application of requirements through zones and overlays to give effect to desired planning outcomes.

Identifying preferred development outcomes provides certainty to the community about where growth and intensification will occur, where valued neighbourhood character will be either respected or protected and where development is constrained by other characteristics or values.

A framework for managing change typically comprises the delineation of minimal, incremental and substantial change areas. A greater breakdown of housing change areas may be acceptable provided there is a strong strategic basis for the approach and the additional housing change areas reflect preferred development outcomes that are legible and clear so that the type of change being sought broadly falls within the boundaries of the broader minimal, incremental and substantial change categories.

Figure 5: Housing change areas and a residential development framework



Minimal change areas

Minimal change areas have characteristics that are 'sufficiently special' to a municipality, metropolitan Melbourne or Victoria, and should be protected because of their special neighbourhood, heritage, environmental or landscape characteristics.

Minimal change areas can also be areas that are constrained by planning considerations such as the physical capability of the land to safely accommodate more residential development. For example, restricting additional housing in areas close to airports, land subject to bushfire risk, flooding or erosion.

Minimal change areas should not be identified based on remoteness from activity centres, jobs, services or transport, or because single-dwelling covenants or other restrictive instruments exist. While a relevant consideration, these restrictions are only one factor to consider when determining an appropriate strategic response to relevant state, regional and local settlement, housing and neighbourhood character policies.

Minimal change areas may appear differently in different built form contexts. For example, inner city heritage terraces and large lots with landscape values may both be considered minimal change areas but are very different residential environments. In both cases, the special characteristic of each area is the principal input into whether they are categorised as minimal change.

Minimal change areas:

- have special characteristics that distinguish them from other parts of the municipality or surrounding area
- have special neighbourhood, heritage, environmental, or landscape characteristics identified in the planning scheme
- are identified in a housing strategy, or in the planning scheme, as unsuitable for providing future housing growth
- tend to have overlays that reflect neighbourhood, heritage, environmental or landscape characteristics or other physical constraints which may impact their capacity for change.

Incremental change areas

Incremental change areas are where housing growth occurs within the context of existing or preferred neighbourhood character.

The built form context of incremental change areas can vary widely. For example, incremental change in an inner urban area can represent a very different scale of development from an incremental change area in an outer suburban area, or a regional town or city.

The key point is that incremental change is relevant to its context.

Incremental change areas:

- have capacity for housing growth and more diverse types of housing
- are where new development should respect existing valued neighbourhood character attributes
- are where existing neighbourhood character will evolve and change over time with reference to the key identified neighbourhood attributes.

Substantial change areas

Substantial change areas are where housing intensification will occur that results in a substantially different scale and intensity of housing compared to other areas of a municipality. This may include areas in and around activity centres, along public transport corridors and strategic development areas.

Substantial change areas will reflect a different degree of change in different built form contexts. For example, a substantial change area in an outer urban and regional context may more closely resemble an incremental change area in an inner urban context.

Substantial change areas:

- are close to jobs, services, facilities or public transport
- facilitate housing growth that takes advantage of their proximity to jobs, services, and public transport
- make the most of strategic development areas or opportunity sites that either exist or are identified from time to time
- promote housing diversity
- result in a new built form and neighbourhood character.

REMEMBER**Key residential development framework questions to consider:**

- Do characteristics exist that distinguish an area from other parts of the municipality or the surrounding area to warrant a different approach?
- Are there policies or provisions already in place to protect, improve or develop the characteristics of the area going forward?
- Does protecting or respecting identified characteristics in the area
 - unduly constrain the provision of housing?
 - have an impact on the provision of housing in other parts of the municipality?
- What measures are needed to balance the effects of protecting or respecting identified characteristics in an area?

Gumnut Residential Development Framework Plan

Figure 6: Gumnut housing change areas

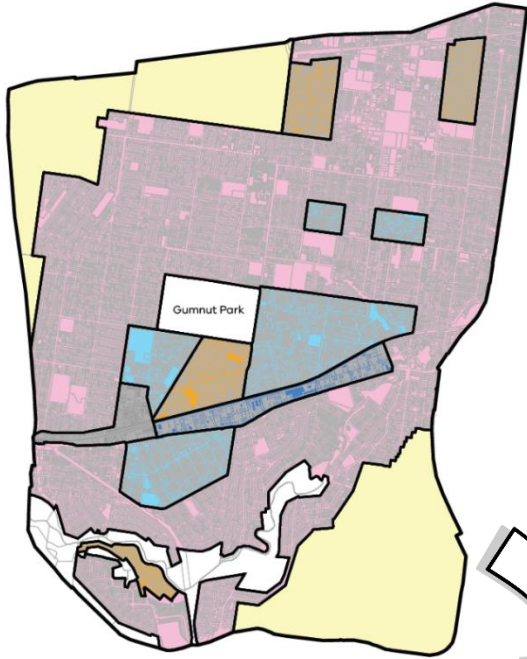


Figure 7: Gumnut character precincts

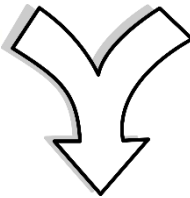
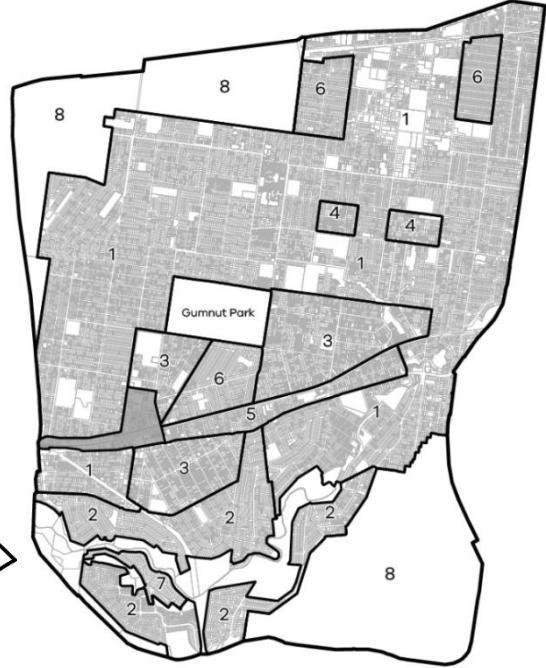
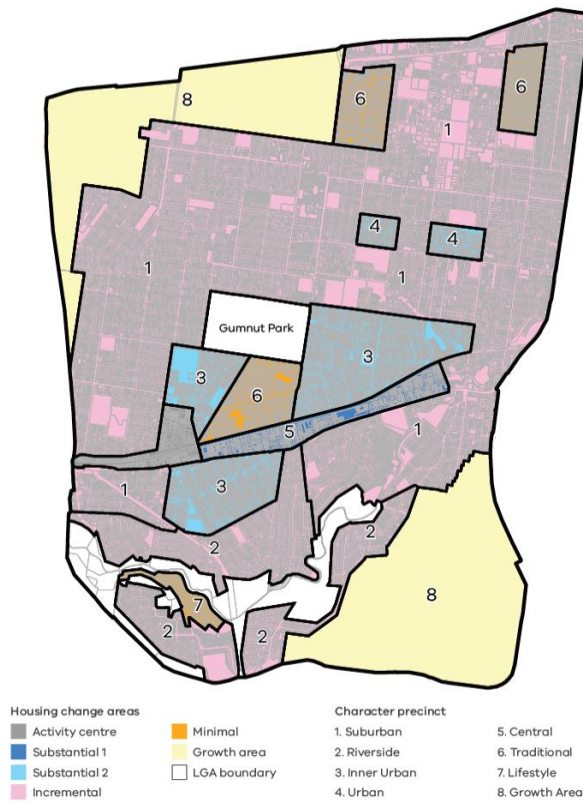


Figure 8: Gumnut residential development framework plan



Implementing a residential development framework

The PPF and the MPS form the strategic foundation of a planning scheme and provide the basis for the application of requirements through zones and overlays to give effect to identified planning outcomes in a residential development framework.

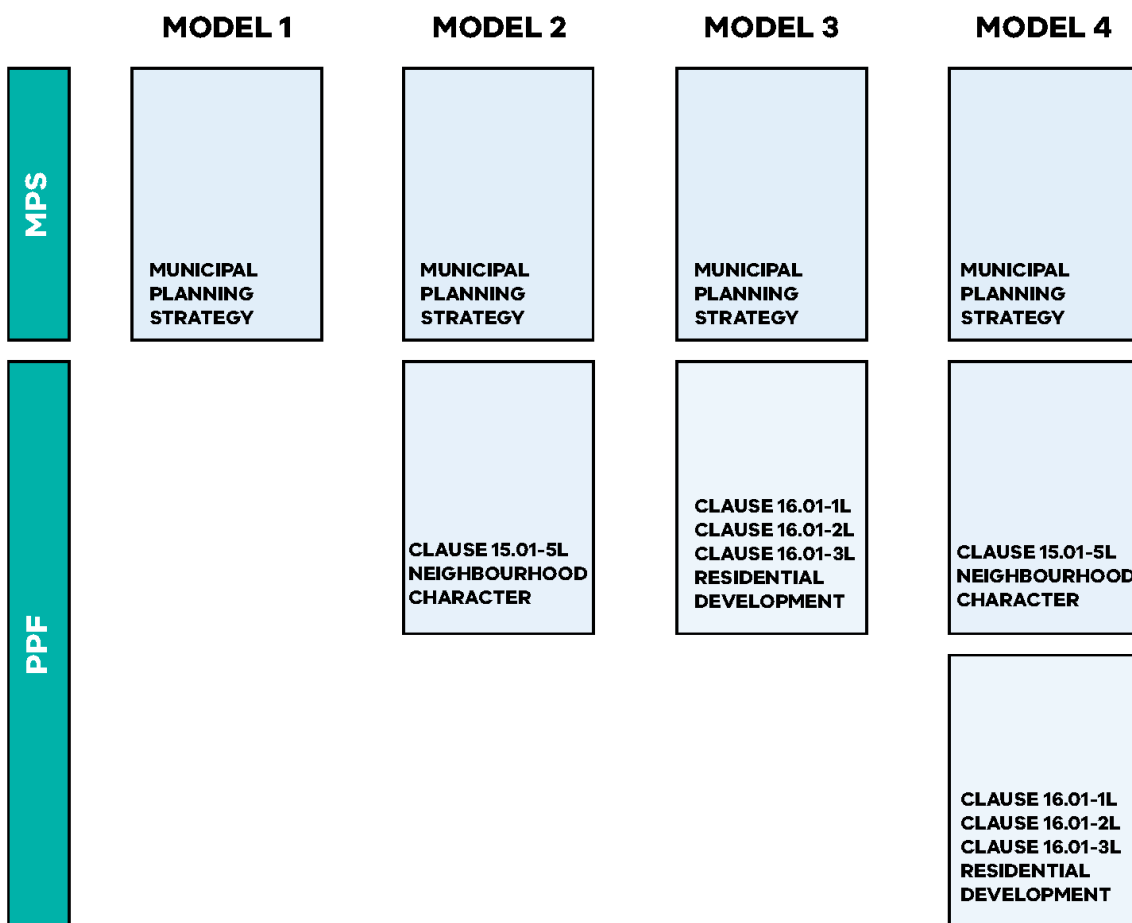
A residential development framework can be implemented into the PPF and MPS in several ways depending on the amount of local strategic work undertaken to give effect to the vision and strategic directions for a municipality.

If a planning authority only wishes to rely on the MPS to provide local strategic direction for housing it should contain:

- an overarching vision and strategic directions for the built environment and housing
- a municipal-wide strategic framework plan or inclusion of a separate residential development framework plan identifying housing change areas
- delineation and description of desired housing and neighbourhood character outcomes for each housing change area.

The MPS can be complemented by local housing and neighbourhood character policies.

Figure 9: Ways to implement a residential development framework



The role of the Municipal Planning Strategy

The MPS outlines the planning outcomes the municipality seeks to achieve that will be implemented by the policies and requirements of the planning scheme.

It may be enough to use the MPS in conjunction with state and regional planning policy to successfully implement a residential development framework and not include local planning policy in the PPF.

This will be dependent on whether the key strategic directions can be sufficiently expressed through a map or maps showing housing change areas and policy statements for these housing change areas within the MPS only.

The PPF and role of local planning policies

The PPF is the single integrated policy content of a planning scheme and provides a context for spatial planning and decision making by planning and responsible authorities.

A local planning policy complements state and regional planning policy by setting out the strategic basis for the application of a provision and, where appropriate, guides the exercise of discretion under that provision.

Where it is necessary to use a local planning policy in addition to the MPS to implement a residential development framework, the relevant sub-clauses of clauses 15 and 16 should be used. The use of sub-clauses to clause 11 may also be appropriate.

The locations of housing change areas do not need to be described. A map should be used instead.

Any matters that relate to the exercise of discretion in housing change areas should be included in local planning policy.

Using preferred character statements

Under clause 54 and clause 55, new development should respect the existing neighbourhood character or contribute to a preferred neighbourhood character.

If a preferred character statement is required for an area, it may be included in the MPS or in a local planning policy. When including preferred character statements in the MPS, these may form part of the strategic directions.

When including preferred character statements in a local planning policy, these could be either converted to, or accompanied by, appropriate objectives, strategies and policy guidelines in clause 15.01-5L to give effect to standard A1 in clause 54 and standard B1 clause 55.

A map should be used to show areas where preferred character statements apply.

Using maps

Maps should be used to provide visual expression of a residential development framework. This could be mapped through a municipal-wide strategic framework plan or inclusion of a separate residential development framework plan identifying housing change areas.

A residential development framework in the MPS may include more than one map if a single map cannot legibly contain the necessary information. The map or maps should include housing change areas and may also include character areas or place-based maps as these set out how state and regional planning policy will be implemented at the local level.

Additional maps must align with the residential development framework.

More information

Related planning practice notes include:

- PPN27: Understanding the residential development provisions
- PPN43: Understanding neighbourhood character
- PPN84: Applying the minimum garden area requirement
- PPN91: Using and applying the residential zones

See these and other planning practice notes at on the planning practice notes page at planning.vic.gov.au.

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