



HOUSING CHOICE AND AFFORDABILITY

PROVIDE A DIVERSITY OF HOUSING IN DEFINED LOCATIONS THAT CATER FOR DIFFERENT HOUSEHOLDS AND ARE CLOSE TO JOBS AND SERVICES.



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ISSUES

SUMMARY

Melbourne has grown rapidly in the past decade, and by 2051 it is estimated that the city's population could be 7.7 million. This growth will require around 1.6 million additional dwellings.

In addition to growing, Melbourne's population will be ageing. To address this demographic trend, the future housing supply will need to take into account the changing needs of households for different types of accommodation over a lifetime.

While there is at least a 30-year supply of urban-zoned land on Melbourne's fringes, it is no longer sustainable to accommodate most of our population growth by expanding outwards.

We will partly accommodate future growth through focusing on medium- and high-density development in defined areas in the existing urban area. Development of this nature will take place in designated urban-renewal precincts.

In the future, additional housing will be located closer to jobs, transport and services. This will be facilitated through the zoning system and other mechanisms.

Housing affordability varies significantly across Melbourne and growth in house prices has outpaced growth in incomes. Our plan is to encourage greater diversity in housing types and access to more affordable housing options.

OUR PLAN

DIRECTIONS

- 2.1 Understand and plan for expected housing needs
- 2.2 Reduce the cost of living by increasing housing supply near services and public transport
- 2.3 Facilitate the supply of social housing
- 2.4 Facilitate the supply of affordable housing

SOLUTIONS

Expand the Capital City Zone and unlock the capacity of urban-renewal precincts for higher-density, mixed-use development.

Develop a different approach to multi-unit development including preparing a new 'good planning guide' to provide guidance for multi-unit development and the application of the reformed residential zones.

Facilitate the remediation of contaminated land, particularly on sites in developed areas of Melbourne with potential for residential development, and bring the land to market sooner.

Deliver housing close to jobs and transport.

Work with local governments on mechanisms to facilitate greater diversity of housing within new developments including family-friendly housing, affordable housing and housing for key workers.

ISSUES

MELBOURNE'S CHANGING PROFILE

For more than 10 years now, Melbourne has been the fastest-growing capital city region in Australia. This pace of growth is evidence of the enduring appeal our city has as a place to live and work. By 2051, it is estimated that Melbourne will have grown to a city of around 7.7 million people, 3.4 million more people than in 2013. This means around 1.6 million new dwellings may be needed across the metropolitan region by 2051.

Melbourne has a long history of suburban development that now supplies residents with lifestyles that are the envy of the world. Melbourne's residential land and housing industry has largely been able to meet the demand for new housing, unlike some other Australian capital cities. The market has been particularly effective in providing for demand for new family homes in growth areas, and for new apartments in inner Melbourne.

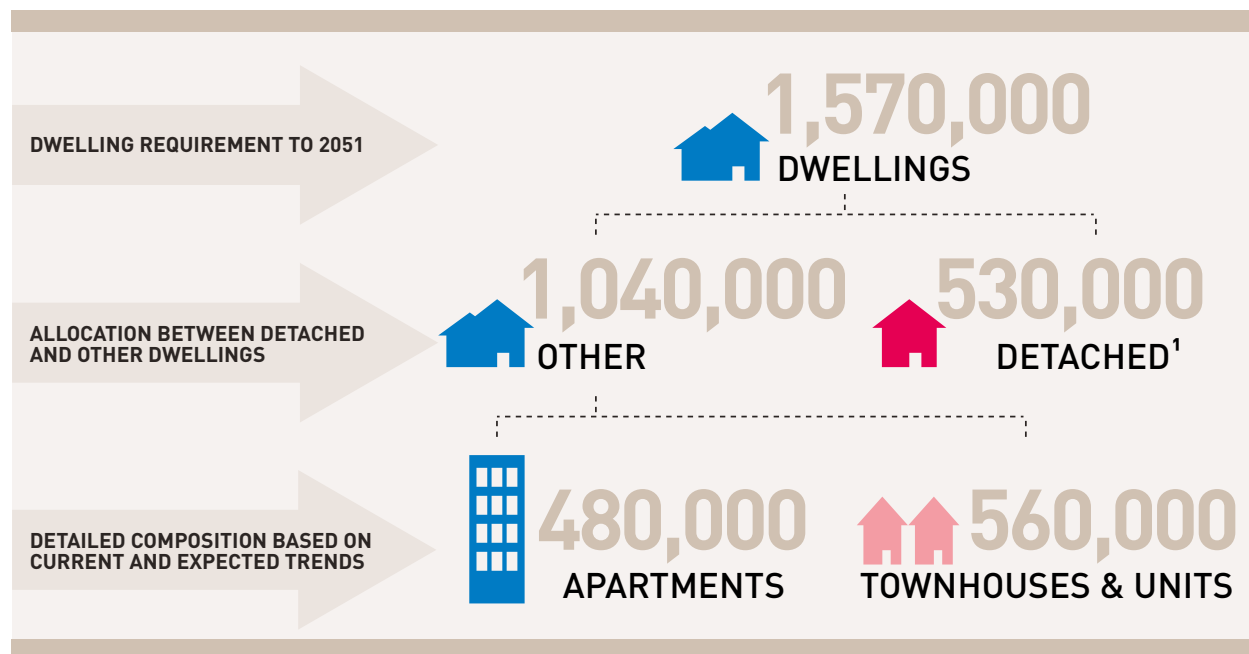
While there is at least a 30-year supply of urban-zoned land on the fringe of metropolitan Melbourne, it is no longer sustainable to accommodate most of our population and household growth by continuing to expand Melbourne's outer-urban growth areas. If our city continues to grow at low densities, there will be pressure to expand further outwards, beyond our current urban boundary. Our outer-urban growth areas provide an important housing choice for first-home buyers, migrants and those on lower incomes, however we need to provide more housing opportunities for these residents in our established metropolitan areas as well.

In the future, Melbourne will need to become a more-consolidated and contained metropolis, by establishing a permanent metropolitan urban boundary and facilitating more development in established areas. A permanent boundary will also help stimulate higher growth in peri-urban towns and in regional Victoria.

As we intensify housing development in our established urban areas, we will also need to ensure that new development makes a positive contribution to local areas. We must clarify where future development will occur, while simultaneously acting to protect the majority of our existing suburban areas from inappropriate development.

FIGURE 8 – MELBOURNE'S HOUSING REQUIREMENTS BY TYPE, TO 2051

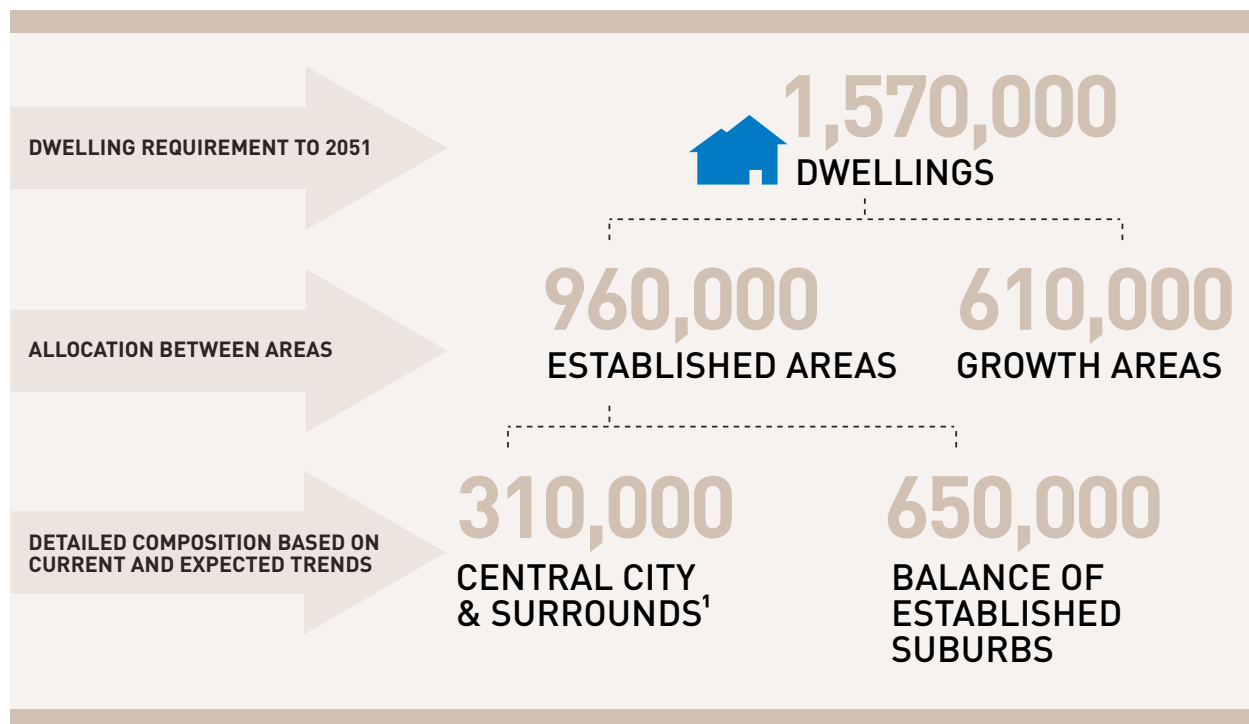
SOURCE: VICTORIA IN FUTURE, 2014



Note 1: These figures refer to net additions to dwellings and not gross additions and do not take into account demolitions or vacant dwellings

FIGURE 9 – MELBOURNE'S HOUSING REQUIREMENTS, BY AREA, TO 2051

SOURCE: VICTORIA IN FUTURE, 2014



Note 1: Includes the cities of Melbourne, Port Phillip, Yarra, Stonnington and Maribyrnong

HOW WE WILL ACCOMMODATE GROWTH

The dwellings needed to accommodate Melbourne's long-term population growth are forecast by type and location in Figures 8 and 9. The estimates envisage many more of Melbourne's households living in apartments, townhouses and units, particularly in Melbourne's established areas.

Accommodating growth will focus on the continued development of Melbourne's growth areas and targeted medium- and high-density development within defined residential change areas including:

- the Central Subregion
- urban-renewal precincts (existing and to-be-identified)
- areas identified by local governments for applying the new residential growth zone
- areas designated as national employment clusters (existing and emerging)
- metropolitan activity centres (existing and future) and activity centres
- near railway stations
- greenfield locations in growth areas.

It is critical that state and local governments, the development industry and communities work together to create a planning and development environment that facilitates substantial housing opportunity within defined change areas while also delivering great places to live. Without this, Melbourne's future households will face further constraints in securing appropriate housing, and the planning of areas nominated for limited and incremental change will be continually challenged.

Clear planning for residential change has already commenced with the application of the reformed residential zones, which will be enhanced by the identification of urban-renewal precincts and the structure planning of employment clusters and commercial areas. Development contributions will deliver new infrastructure to support growth in a simplified and timely manner. The scale of residential growth supported throughout Melbourne will be mapped in a metropolitan housing map.

Incentives will be considered to facilitate high-amenity housing density in defined change areas, and the Metropolitan Planning Authority will work with local governments to unlock the capacity of Melbourne's urban-renewal precincts and deliver world's best urban renewal.

Collaborative regional planning will ensure that regional infrastructure priorities support new housing opportunities, and that regional housing markets provide plentiful housing opportunities near jobs, services and transport infrastructure.

HOW WE WILL DEVELOP GREATER DENSITY IN DEFINED LOCATIONS

Establishing a more compact, sustainable city is challenging but the social, economic and environmental benefits will be long-lasting. Below are several of the important benefits of compact, higher-density neighbourhoods.

SOCIAL – encourages positive social interaction and diversity, improves the viability of (and access to) community services and enables more (and better integrated) housing.

ECONOMIC – enhances the economic viability of development, improves the economic viability of infrastructure delivery and utilises existing infrastructure.

TRANSPORT – creates sustainable demand for more transport options including public transport, walking and cycling.

ENVIRONMENTAL – creates opportunities for efficient use of resources and materials; supports precinct-scale solutions, water reuse and waste reduction; creates less pollution through promotion of sustainable transport; preserves, and helps fund maintenance of, public open space and creates new public open space; reduces overall demand for development land; and avoids expanding suburbs without supporting services¹⁸.

Melbourne's apartment market is a relatively new part of the larger housing sector. The level and location of activity over the last 20 years is allowing us to rethink housing options in the central city and inner Melbourne, which is helping the delivery of a more compact and sustainable city.

With around 80,000 apartments constructed over the last decade, it is now possible to review the quality of what has been built and determine whether the relevant planning and building controls are delivering the outcomes desired by the community. There has already been some work done in this space with the City of Melbourne recently releasing a discussion paper, *Future Living*.

LOCATING HOUSING CLOSER TO JOBS AND SERVICES

Although some of the issues affecting Melbourne's housing sector are beyond the planning system (such as the costs of finance, construction and labour), it can, through zoning and other mechanisms, create opportunities for more people to live closer to jobs and services.

Melbourne's growth areas house about one-fifth of its current workforce, but only 13 per cent of Melbourne's jobs are located in these areas. This means that many people have to travel outside their municipality for work. Some workers (such as emergency workers, nurses, teachers, police, hospitality workers and cleaners) need to live closer to where they work than others. Lack of affordable housing for workers closer to their workplace can impact on their quality of life, due to long commutes to work and higher transport costs.

Our focus on encouraging mixed-use developments and greater housing density near jobs and transport will help achieve a greater level of choice for medium- and low-income households in terms of locating nearer to employment opportunities. This will deliver affordable living by providing the appropriate supply and range of housing in growth areas and near to services and public transport.

“DAREBIN RECOGNISES IT WILL HAVE AN ONGOING ROLE TO PLAY IN ITS POLICY FORMULATION AND DECISION MAKING THAT PROACTIVELY PURSUES ECONOMIC AND SOCIAL PARTICIPATION FOR ITS COMMUNITY. THIS MEANS PROMOTING ECONOMIC DEVELOPMENT AND NEW HOUSING OPPORTUNITIES, AS THESE PROVIDE A MEANS FOR ENCOURAGING PRIVATE INVESTMENT, BOLSTERING THE LOCAL ECONOMY AND FACILITATING A DIVERSE DAREBIN.”

CITY OF DAREBIN

FIGURE 10 – POPULATION AND DEMOGRAPHIC CHANGE, VICTORIA, 2011, 2031 AND 2051

SOURCE: AUSTRALIAN BUREAU OF STATISTICS, 2013; DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE PRELIMINARY POPULATION PROJECTIONS, 2014

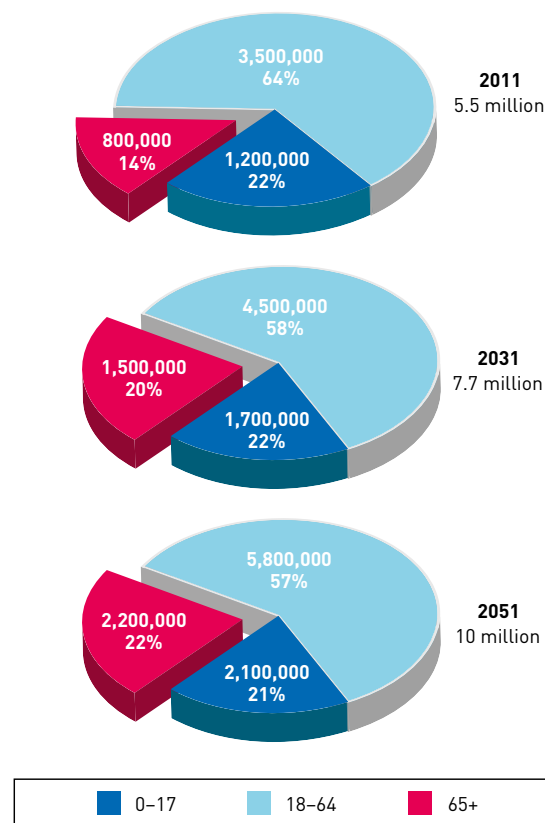
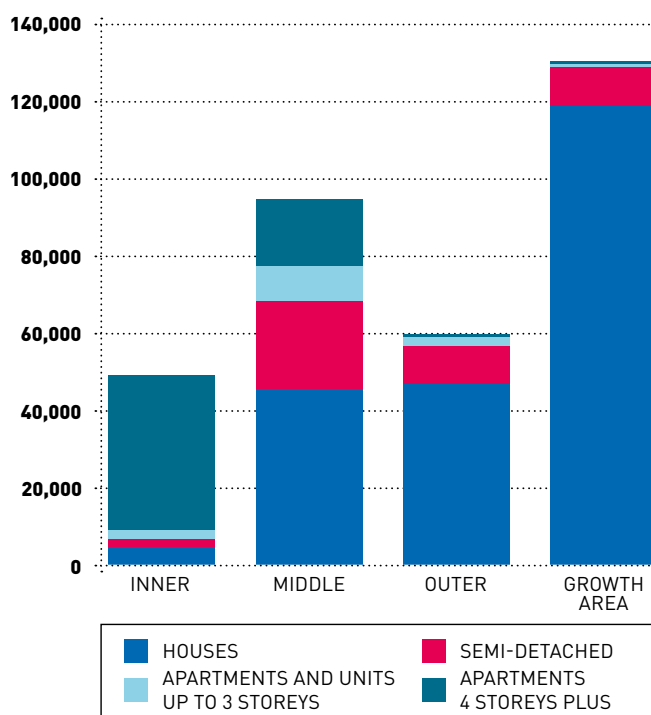


FIGURE 11 – TYPES OF HOUSING BUILT ACROSS MELBOURNE BETWEEN 2004-2012

SOURCE: AUSTRALIAN BUREAU OF STATISTICS DWELLING APPROVALS



MORE CHOICE IN THE HOUSING SECTOR

Not only will our metropolitan population grow over coming decades, but it will change in terms of its structure.

The demand for new housing will also be influenced by an ageing population and a desire for people to downsize and age in place. In a well-functioning market, the supply of housing should reflect shifts in the community's needs and preferences for housing, but there is evidence to suggest that this is not the case in our city¹⁹. We will need to address the mismatch between Melburnians' needs and preferences (in terms of the type of housing they want, at a price they can afford and where they want), and what they now settle for.

Melbourne has a growing number of both older and younger residents. By 2051, the number of Victoria's residents aged 65 or older will have increased nearly threefold, and there will be around 800,000 more children aged 17 or younger. Figure 10 shows these projected changes.

In addition to demographic trends, future housing supply will also need to take better account of the changing needs of households for different types of accommodation over the life cycle.

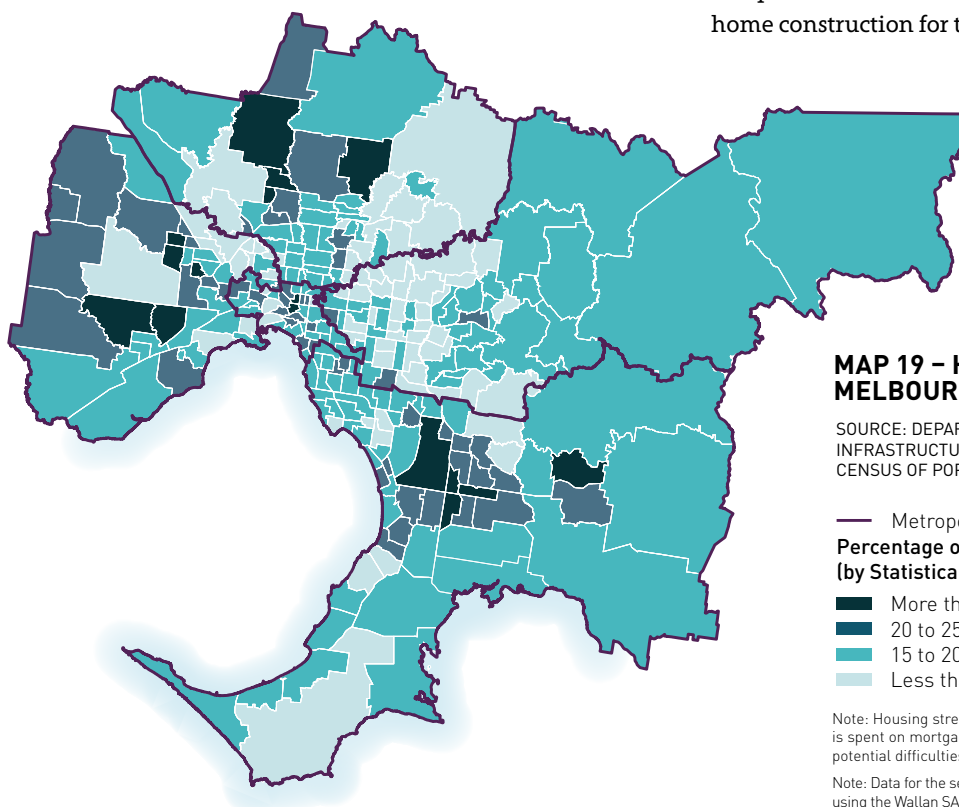
Our challenge will be to provide housing to accommodate these changes in demand for new dwellings, locally, so family connections can be maintained.

DIFFERENT DELIVERY MODELS TO ADDRESS HOUSING AFFORDABILITY

Housing affordability varies significantly across our city. The median house price in Melbourne has quadrupled since 1990. In 1994, a household on an average income could purchase a dwelling within 10 kilometres of the CBD. This moved to 24 kilometres in 2000 and 40 kilometres by 2009. Restrictions on the supply of land for new housing construction, combined with record levels of high immigration to Melbourne, have contributed to less price competition, driving up the cost of housing for new home buyers. Growth in house prices has outpaced growth in incomes, and the proportion of income spent on mortgage repayments has increased for many households.

A similar pattern of affordability is affecting rental housing. Lower levels of housing construction and population growth have led to a tighter rental market, driving rents up at a rate higher than inflation over the last decade. In the September quarter of 2013, only 10 per cent of rental properties let in Melbourne were affordable to households on Centrelink incomes. Map 19 shows housing stress across metropolitan Melbourne.

Our plan is to encourage greater levels of investment in affordable housing, including encouraging the integration of social and affordable housing options within major urban-renewal and growth-area housing developments. We will also continue to provide strong levels of land supply for new housing development and for infill opportunities in established areas, to encourage a greater level of price competition for home buyers and to facilitate adequate home construction for the rental market.



MAP 19 – HOUSING STRESS ACROSS MELBOURNE

SOURCE: DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE, BASED ON AUSTRALIAN BUREAU OF STATISTICS, CENSUS OF POPULATION AND HOUSING, 2011

— Metropolitan subregions
Percentage of households in housing stress
(by Statistical Area Level 2)

- More than 25%
- 20 to 25%
- 15 to 20%
- Less than 15%

Note: Housing stress is defined here where more than 30% of household income is spent on mortgage repayments or rent. This is considered a measure of potential difficulties for housing affordability.

Note: Data for the section of Mitchell Shire Council included in this map is calculated using the Wallan SA2 which covers a greater land area than shown on this map.

SELANDRA RISE, CASEY

DEVELOPING A NEW APPROACH IN GROWTH AREAS



Stockland has joined forces with the City of Casey, the Growth Areas Authority and the Planning Institute of Australia to create Selandra Rise, the most forward-thinking, well-planned and liveable community of its kind in Victoria.

The design of Selandra Rise addresses concerns about the health of residents and how health links to the environment people live in. It aims to provide diverse and affordable housing and local employment opportunities, which support a healthy and engaged community.

Selandra Rise will provide a broad mix of quality, affordable housing options to make the community accessible to more people. It comprises three distinctive villages, offering a wide choice of lot sizes.

There are many local employment opportunities – including in retail, construction and agriculture – both on-site in the town centre and in the rapidly growing City of Casey. For those who want to work locally or from home, there is also a dedicated business precinct and a proposed home-office district.

There was extensive local community consultation to determine key project elements including parks – designed through workshops with new residents and City of Casey parks and gardens staff – and community services. There is a community hub in a new, two-storey house in the display village. A larger community centre in the town centre will replace the current community hub in a few years.

Selandra Rise easily connects all housing to the local town centre, schools, community centres and open space.

Well-located walking and bike paths, playgrounds, parks, sports facilities, wide footpaths and pedestrian-friendly streets encourage recreation and non-motorised travel.

In March 2012, Stockland launched a GoGet Carshare program. Residents can also rent a ute for a few hours or a day, to reduce their need for a second car. In partnership with VicHealth and RMIT University, there is a 5–7 year longitudinal study of residents, to establish an evidence base for putting health at the centre of planning.

**SELANDRA RISE COMBINES
A FOCUS ON HEALTH,
A COLLABORATIVE APPROACH
AND BEST-PRACTICE DESIGN,
TO PROVIDE GREATER HOUSING
CHOICES AND A BLUEPRINT
FOR DEVELOPING HEALTHIER
COMMUNITIES**

DIRECTION 2.1 UNDERSTAND AND PLAN FOR EXPECTED HOUSING NEEDS

In planning for Melbourne's future housing, it is critical that we plan adequately for both housing growth and diversity. This will require state, local and Commonwealth governments working together to understand Melbourne's future housing needs, and undertaking the necessary strategic planning to ensure that we manage our land supply and housing development industry in ways that optimise choices and address affordability issues for all Melburnians. Figure 11 shows types of housing built across Melbourne between 2004 and 2012.

INITIATIVE 2.1.1 APPLY THE REFORMED RESIDENTIAL ZONES

The reformed residential zones provide vastly improved planning tools to enable local governments to direct residential change to specific areas and constrain change in other areas. With this significantly increased power is an equal responsibility that the decisions by local governments about how land is zoned are based on a robust rationale that:

- accounts for the directions of Practice Note 78 which instruct local governments to apply the zones to protect areas of well-defined character while also providing ongoing housing opportunity
- ensures defined housing change areas and known major redevelopment sites are zoned to support long-term housing growth, choice and diversity
- is consistent with a current local housing strategy or equivalent established residential development policy
- assists to create a spectrum of minimal, incremental and high-change residential areas that balance the need to protect residential areas with the need to ensure choice and growth in housing markets locally, regionally and across the metropolitan area.

Local housing strategies typically identify and test with communities areas appropriate for different scales of residential change. Councils that have an established housing strategy usually have a sound strategic basis to convert to the reformed residential zones.

Councils without a housing strategy need to develop one. Councils with a housing strategy should, over time, review it to ensure it delivers Plan Melbourne's objectives including making adequate provision for future housing needs, delivering the 20-minute neighbourhood, protecting valued character and supporting regional infrastructure and planning frameworks. This is important, given that many existing housing strategies are now nearly a decade old.

In the short term

- Work with local governments to ensure that the application of the reformed residential zones are based on robust strategic rationales that balance the need to protect defined character areas with the need to ensure ongoing housing opportunity and choice.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Support the Reformed Residential Zones Advisory Committee to help local governments test and confirm the strategic rationale for zoning proposals.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Annual reporting to the Minister for Planning on the progress of planning for future housing needs. This will report on the amount of zoned land for new housing, the status of local housing strategies and the overall performance of residential land and housing markets within each of Melbourne's subregions. The report will be shared and discussed with the subregional planning groups.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Work with local governments to ensure their housing strategies are no more than five years old. Local governments to review and refresh the visions and spatial directions of their housing strategies taking into account Plan Melbourne objectives, changed economic and demographic circumstances, new transport opportunities and current population projections.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Prepare and implement a new 'good planning guide', improving ResCode (Clauses 54, 55, 56 of the Victoria Planning Provisions), to streamline the planning system and protect our suburbs by providing guidance for multi-unit development and the application of the reformed residential zones.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

INITIATIVE 2.1.2**PREPARE A METROPOLITAN HOUSING MAP**

A metropolitan housing map will identify planned residential change across Melbourne, including in defined areas for residential growth and areas for minimal and incremental housing change.

In greenfield growth areas, residential change will continue according to the precinct structure planning process with the intent, over time, of increasing residential densities and the mix of dwellings.

In Melbourne's established areas, high levels of residential growth will be supported and facilitated in:

- urban-renewal locations
- the Central Subregion
- metropolitan activity centres
- areas in proximity to employment clusters
- areas in proximity to high-frequency public transport
- high-change residential areas, as identified in local planning schemes.

“ THE HOUSING CIRCUMSTANCES OF THE MOST VULNERABLE IN OUR COMMUNITY ARE AFFECTED BY A CITY'S CAPACITY TO HOUSE EVERYONE. THIS MEANS ENSURING WE ARE BUILDING ADEQUATE HOUSING OPTIONS ACROSS THE INCOME SPECTRUM, AS WELL AS A RANGE OF DWELLING TYPES AND SIZES. ”

COUNCIL TO HOMELESS PERSONS

“ BANYULE AND DAREBIN COUNCILS AND LA TROBE UNIVERSITY JOINTLY RECOGNISE THE SIGNIFICANCE OF THE LA TROBE-HEIDELBERG-NORTHLAND CLUSTER AND ARE WORKING TO HARNESS THE SIGNIFICANT URBAN RENEWAL AND ECONOMIC GROWTH POTENTIAL OF THE AREA. ”

CITY OF DAREBIN

Over time, areas defined for housing growth will undergo significant but planned housing and population change while other areas continue to undergo limited or incremental change. Councils are responsible for ensuring that local planning schemes identify defined residential change areas, and that planning for these areas facilitates ongoing investment in these locations and relatively high levels of housing opportunity.

Focusing change in defined areas will help achieve the greatest productivity, accessibility and economic benefits while limiting social and environmental impacts. It will also provide greater certainty to the community as to the expected scale of change.

In the short term

- Following the conversion to the reformed residential zones, publish a metropolitan housing map that depicts the scale of residential change supported in planning schemes across metropolitan Melbourne. Identify the implications of the map for housing choice with local governments and the Metropolitan Planning Authority.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Ensure local planning schemes identify defined housing change areas and that planning for these areas facilitates ongoing investment in these locations and relatively high levels of housing opportunity.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Publish annual housing development data and analysis to inform the development and revision of local housing planning.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

INITIATIVE 2.1.3**INVESTIGATE AND PLAN FOR EXPECTED HOUSING NEEDS ACROSS MELBOURNE'S FIVE SUBREGIONS**

Local governments need to consider housing policy and planning not only in the context of their own municipal boundaries, but also in relation to the broader housing, transport and employment performance of their subregion.

Subregions should aim to facilitate a healthy housing market that provides ongoing and substantial new housing opportunities near jobs, services and transport infrastructure. Achieving this is critical to the productivity and prosperity of metropolitan Melbourne.

Housing Development Data, the Urban Development Program and Victoria in Future provide information on changes to household types and housing needs, along with an understanding of population projections.

In the short term

- Publish subregional data and work with local governments to assist with preparation of municipal housing strategies and the application of the reformed residential zones.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Use the subregional data to assist subregional planning groups (of local governments) to identify strategic directions and planned investments.

METROPOLITAN PLANNING AUTHORITY

In the medium term

- Ensure that opportunities for new well-located housing result from public infrastructure investment.

METROPOLITAN PLANNING AUTHORITY

INITIATIVE 2.1.4

DEVELOP MORE DIVERSE HOUSING IN GROWTH AREAS

To accommodate a changing population and to assist affordability, a range of housing types need to be provided in Melbourne's newest suburbs. There needs to be a move away from uniform-sized housing lots towards provision of both higher and lower densities within each new precinct. This can be achieved through both larger suburban lots (to provide a sizeable backyard for those families that desire it), as well as options for low-rise apartments close to shopping centres and community facilities.

In the short term

- Amend the *Precinct Structure Planning Guidelines* to ensure that housing diversity will be achieved by providing a variety of lot sizes and housing types across a precinct, including lower-density, standard lots and higher-density housing in areas of higher amenity. Precinct structure planning should apply the suite of reformed residential zones and Mixed Use Zone to encourage the delivery of a diversity of lot sizes and housing types in the short and long terms.

METROPOLITAN PLANNING AUTHORITY

- Encourage use of the Residential Growth Zone in Melbourne's greenfield locations in growth areas to allow for residential change and redevelopment in appropriate locations over time.

METROPOLITAN PLANNING AUTHORITY

INITIATIVE 2.1.5

IMPROVE THE QUALITY AND AMENITY OF RESIDENTIAL APARTMENTS

A good standard of design and amenity goes well beyond what a building looks like and its particular architectural style²⁰. There is currently no regulation in Victoria to stipulate how apartments must be designed, beyond what is required under the National Construction Code. Concerns about the design quality of apartments relate to:

- the small size of many apartments
- the tendency for a large number of apartments to be designed with habitable rooms (notably bedrooms) that have no direct access to daylight and ventilation
- lack of consideration of the amenity impacts of adjacent apartment developments
- the lack of variety and choice of apartment designs.

The City of Melbourne's discussion paper *Future Living*²¹ provides a comprehensive assessment of many of the issues that need to be addressed in terms of the quality, design and layout of multi-dwelling/apartment developments.

In the short term

- Update design guidelines and introduce measurable standards for high-density residential and mixed-use development.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Review the design, layout, internal living amenity and balcony needs of apartments.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

This work will take into account controls used in other jurisdictions, including the recent review of *New South Wales State Environmental Planning Policy* 65. It will build on the work of the City of Melbourne's discussion paper *Future Living* and consider the appropriateness of current planning and building controls and the potential to streamline development applications.

The review will consider the requirements of short-term accommodation and student accommodation, and the ability to encourage family-friendly apartments.

The review will assess the impact of any new regulations on the construction sector, housing affordability and any potential economic impacts.

REFORMED RESIDENTIAL ZONES

Reformed residential zones were introduced across Victoria on 1 July 2013 to better manage growth and protect liveability and neighbourhood character. The certainty provided by the reformed residential zones enables local governments to clearly determine the scale and location of new unit, townhouse and apartment development, and greatly improves local governments' ability to plan for this type of development with confidence that the zones will influence outcomes on the ground.

The new zones are the Neighbourhood Residential Zone, Residential Growth Zone and General Residential Zone. The Reformed Zones Advisory Committee has suggested that metropolitan local governments seek to apply each of the zones together, to provide a balance between protecting local attributes and addressing ongoing housing needs.

In locations where the community is seeking to promote housing diversity and housing supply, it might apply the Residential Growth Zone. Alternatively, for locations where the community is seeking to limit housing change and population growth, it might apply the Neighbourhood Residential Zone.

It is challenging for communities to clearly define locations for housing growth, and locations for protection from change. However, the reformed residential zones will ensure that change will occur according to community expectations.

PRINCIPLES FOR APPLYING THE REFORMED RESIDENTIAL ZONES

REFORMED RESIDENTIAL ZONES			
ZONE	PURPOSE	LIKELY APPLICATION	PRINCIPLES FOR APPLYING ZONES [^]
NEIGHBOURHOOD RESIDENTIAL ZONE	Restricts housing growth in areas identified for urban preservation.	In areas where single dwellings prevail and change is not identified, such as areas of recognised neighbourhood character, environmental or landscape significance.	<p>Areas with a neighbourhood character that is sought to be retained</p> <p>Areas where more than 80 per cent of lots currently accommodate detached dwellings</p> <p>Areas with neighbourhood character overlays</p> <p>Residential areas with heritage overlays (such as larger heritage precincts, rather than individually recognised heritage sites)</p> <p>Areas of identified environmental or landscape significance</p> <p>Areas which may not have good supporting transport infrastructure or other infrastructure, facilities and services, and which are not likely to be improved in the medium-to longer-term.</p>
RESIDENTIAL GROWTH ZONE	Enables new housing growth and diversity in appropriate locations.	In appropriate locations near activity areas, railway stations and other areas suitable for increased housing activity.	<p>Locations offering good access to services, transport and other infrastructure</p> <p>Areas which provide a transition between areas of more intensive use and development and areas of restricted housing growth</p> <p>Areas where there is mature market demand for higher-density housing.</p>
GENERAL RESIDENTIAL ZONE	Respects and preserves neighbourhood character while allowing moderate housing growth and diversity.	In most residential areas where moderate growth and diversity of housing that it is consistent with existing neighbourhood character is to be provided.	<p>Areas with a diversity of housing stock, diversity of larger lots sizes and a more varied and eclectic neighbourhood character</p> <p>Areas where moderate housing growth and housing diversity is encouraged.</p>

[^] THESE PRINCIPLES NEED TO BE CONSIDERED TOGETHER WITH THE PURPOSE OF EACH ZONE.

EXAMPLE: APPLICATION OF THE REFORMED RESIDENTIAL ZONES IN GREATER DANDENONG

Since 2007, the City of Greater Dandenong has worked closely with their community to define locations in which high, medium and minimal scales of residential change are supported. Within the Greater Dandenong Planning Scheme, these are known as substantial, incremental and minimal change areas. The map below shows the conversion of these areas into the reformed residential zones.

To assist local governments implement the reformed residential zones, the Department of Transport, Planning and Local Infrastructure has released a practice note that provides guidance on the type of issues they should consider when applying the zones. These include neighbourhood character, existing levels of density and heritage considerations.

The department will provide local governments with technical advice and housing data to support implementation of the zones. The reformed residential zones will be introduced to each municipal planning scheme through a planning scheme amendment.

APPLYING THE NEIGHBOURHOOD RESIDENTIAL ZONE

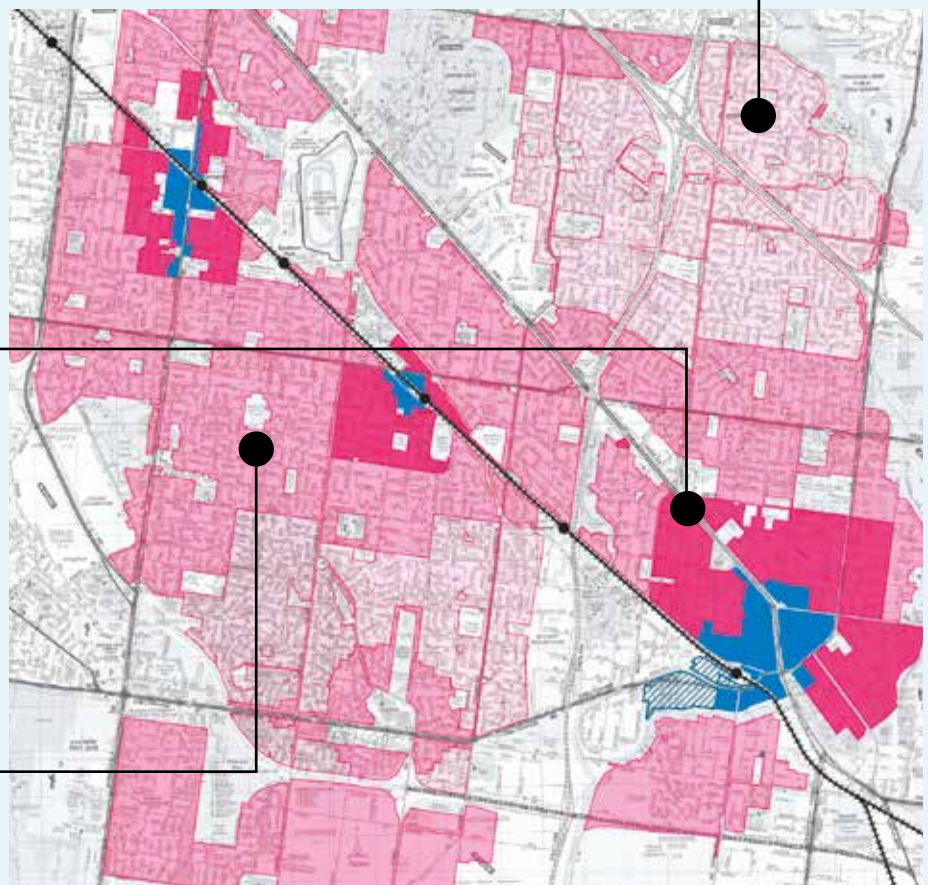
Within Greater Dandenong, this zone is applied to minimal change areas which are considered suitable for low-density housing, primarily because they are relatively remote from Dandenong's main transport network.

APPLYING THE RESIDENTIAL GROWTH ZONE

Within Greater Dandenong, this zone is applied to substantial change areas which are areas suitable for high- and medium-density housing, primarily because of their close proximity to transport services and commercial activity

APPLYING THE GENERAL RESIDENTIAL ZONE

Within Greater Dandenong, this zone is applied to incremental change areas which are areas where lower-scale, medium-density development of between 2-3 storeys is preferred, due to their relatively short distance from Dandenong's central transport, employment and amenity spine.



- RESIDENTIAL GROWTH ZONE
- GENERAL RESIDENTIAL ZONE
- NEIGHBOURHOOD RESIDENTIAL ZONE
- ACTIVITY CENTRE
- MAJOR RESIDENTIAL SITE

MELBURNIANS SAID...



BRAD CLARKE, THOMASTOWN

“ In the suburbs, I like the easy convenience for public transport; it's close to the CBD which is only a half hour drive... and with all the suburbs they're building out further... a lot of my friends have moved out there and bought properties and started a family. ”



JACK HOADLEY, HAWTHORN

“ Melbourne will not be competitive unless it resolves its transport problems. Radical thinking regarding public transport priority is required. ”



ANNE ROSE, UPPER PLENTY

“ If small blocks of, for example, 300 square metres are allowed, the law should provide usable open space within half a kilometre of these houses. ”



ANDREW CAIRNEY, CROYDON

“ I like the variety of arts, sport, cultural diversity, food, dining, civic spaces, architecture and work opportunities available. I would like more clearways when trams are running (not just at peak times) and more off-street parking for high-street traders on the tram route. ”



BEN RODGERS, WHITTLESEA COMMUNITY CONNECTIONS

“ There needs to be a more creative approach to how we, the Melbourne community, generate funds. ”

DIRECTION 2.2

REDUCE THE COST OF LIVING BY INCREASING HOUSING SUPPLY NEAR SERVICES AND PUBLIC TRANSPORT

Plan Melbourne aims to provide certainty and clarity about where future development will occur and which areas will be protected from significant levels of medium- and higher-density development.

Locating medium- and higher-density development near services, jobs and public transport supports the objectives of housing choice and affordability.

Key areas to accommodate higher-density housing are urban-renewal precincts and sites, land within the new Residential Growth Zone, the expanded central city, national employment clusters, metropolitan activity centres (existing and future) and activity centres. Delivering substantial housing opportunity in these areas requires a planning and development environment that enables substantial change and delivers great places to live. Without this, the protection of other areas will be hard to sustain.

The government anticipates that over the life of the plan an additional 100,000 dwellings can be accommodated in expanded central city urban-renewal locations, which will increase as new opportunities are identified. An additional 40,000 dwellings can be accommodated in urban-renewal locations around railway stations in established areas, and an additional 30,000 dwellings around existing and planned railway stations in the growth areas.

INITIATIVE 2.2.1

DELIVER WORLD'S BEST URBAN RENEWAL

Melbourne's historic areas were laid out as dense, mixed-use but orderly areas. These areas—which include St Kilda, Fitzroy, Brunswick, Port Melbourne, Albert Park, Richmond and South Yarra—are now vibrant central city neighbourhoods that encompass the best qualities of inner-city living: walkability, a sense of identity, varied and interesting architecture and outstanding access to jobs, services and public transport.

Directing population and housing growth into defined change areas (including an expanded central city) will require the Metropolitan Planning Authority to work with local governments, developers and other stakeholders to create sustainable, liveable and attractive places that appeal to a range of households (including families with children and older- and single- person households).

Lessons have been learnt in recent years about what actions are required to ensure we create areas that enable communities to thrive. Fishermans Bend Urban Renewal Area will be the latest high-density residential community where the delivery of schools, parks, shops, community facilities and opportunities for local jobs will drive planning from the outset. Early planning has also commenced for the next precincts, including E-Gate and Arden-Macaulay.

Maximising the development opportunities of these precincts is critical to minimising the need for densification of other parts of the city. The sequencing of infrastructure within these

precincts will be a key tool of government to maximise their development potential.

In the short term

- Update planning provisions in designated precincts in the expanded central city to provide the market with flexibility to maximise development opportunities.

METROPOLITAN PLANNING AUTHORITY

- Investigate a process by which additional development rights can be granted in exchange for the provision of additional amenity in urban-renewal and structure plan areas.

METROPOLITAN PLANNING AUTHORITY

- Support local governments in the identification and delivery of future urban-renewal precincts and sites.

METROPOLITAN PLANNING AUTHORITY

INITIATIVE 2.2.2

UNLOCK THE CAPACITY OF URBAN-RENEWAL PRECINCTS FOR HIGHER-DENSITY, MIXED-USE DEVELOPMENT

Redevelopment of urban-renewal precincts will be vital to creating more diversity in the housing market (including affordable housing) as well as more jobs and additional community services. They will be a major source of higher-density, mixed-use development. We will pursue opportunities to bring brownfield land to market in an expeditious manner, working with landowners and relevant government agencies. The Metropolitan Planning Authority will be the responsible authority for facilitating the development of urban-renewal precincts.

In the short term

- Update the State Planning Policy Framework to include explicit policy on urban renewal in Melbourne, supported by streamlined clean-up and development approval processes.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Publish criteria for the designation of urban-renewal precincts of metropolitan significance.

METROPOLITAN PLANNING AUTHORITY

- In partnership with state government agencies and local governments, identify possible urban-renewal precincts and sites in metropolitan Melbourne.

METROPOLITAN PLANNING AUTHORITY

- In partnership with the Department of Transport, Planning and Local Infrastructure (Planning) and where appropriate Places Victoria, facilitate delivery of specific and complex sites to market.

METROPOLITAN PLANNING AUTHORITY

URBAN RENEWAL FOR MELBOURNE

The key message from Australian and international experience is that major urban-renewal projects provide one of the few opportunities cities have to simultaneously solve past problems, renew and update critical infrastructure and add new value to the liveability and economic vitality of cities.

Urban-renewal opportunities can take many forms. They may be large-scale, underutilised former industrial sites, areas around existing and planned transport infrastructure or underutilised land and business parks on the existing and planned road network. Development of these areas takes the pressure off existing neighbourhoods and allows people and jobs to be located close to public transport, so that we get the most out of our existing assets and support the development of vibrant, liveable, mixed-use centres.

Successful urban renewal requires inclusive planning approaches that engage the community, relevant government agencies, councils and the private sector to identify opportunities and constraints early in the planning process. Urban renewal also provides unique opportunities to demonstrate whole-of-water-cycle management.

WHAT TO DO NEXT

The Metropolitan Planning Authority will be responsible for facilitating the development of urban-renewal precincts designated to be of metropolitan significance.

The Metropolitan Planning Authority will engage the community, relevant government agencies, councils and the private sector to:

- prepare management plans for urban renewal precincts to determine the appropriate role the government will play to achieve Plan Melbourne objectives
- work with councils and the private sector to identify possible future urban renewal precincts and sites of strategic significance
- prepare structure plans and facilitate development approvals.

Local governments have a leadership role and responsibility for delivery of urban-renewal sites across Melbourne. Locally significant, these small-scale sites are well-positioned for targeted planning and investment, building on local strengths and opportunities. The Metropolitan Planning Authority can help to identify them and can offer support, if required, to ensure that local governments have the necessary skills and resources to deliver local urban-renewal sites.

- Assist local governments in rezoning and facilitation of identified local urban-renewal sites.

METROPOLITAN PLANNING AUTHORITY

In the medium term

- In partnership with state government agencies, local governments and the private sector, identify a pipeline of urban-renewal projects.

METROPOLITAN PLANNING AUTHORITY

This work will closely align with the outcomes of the audit of government-owned land.

INITIATIVE 2.2.3

DELIVER HOUSING CLOSE TO JOBS AND TRANSPORT

Providing housing close to jobs promotes affordable living. There are already areas in metropolitan Melbourne with medium-to-high job numbers that have the potential to provide more housing. In order to plan for this growth, national employment clusters, metropolitan activity centres and activity centres will require structure plans to enable housing and job growth.

All structure plans and housing strategies (already approved and yet-to-be-done) will need to demonstrate how they will deliver a greater diversity of housing, attract more jobs and help deliver the 20-minute neighbourhood²². Other areas for consideration may include areas within established suburbs where the housing stock is reaching the end of its life and is ready for redevelopment as medium-density housing, and areas around railway stations, public transport interchanges and some public transport corridors.

In the short term

- Work towards providing the majority of new housing in established suburbs within walking distance of train, tram and Smartbus routes.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Publish mapping indicating the redevelopment potential and age of Melbourne's existing housing. Identify the zoning and planning implications of this mapping with local governments and the Metropolitan Planning Authority.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Investigate a mechanism whereby land owners near significant job density and public transport are able to join together to seek to rezone land for medium- and higher-density housing development.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Work with local governments to apply the most appropriate zones to defined residential change areas.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- In partnership with local governments, investigate mechanisms to facilitate greater diversity of housing within defined residential change areas including family-friendly housing, affordable and social housing, and housing for key workers.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Investigate mechanisms to encourage lot consolidation in existing suburbs.

METROPOLITAN PLANNING AUTHORITY

INITIATIVE 2.2.4**INCREASE HOUSING CHOICE WITHIN WALKABLE DISTANCE OF RAILWAY STATIONS IN THE GROWTH AREAS**

The government anticipates that it is possible to deliver up to 30,000 dwellings within walking distance of railway stations (existing and proposed) in growth areas.

In the short term

- Ensure that the Small Lot Housing Code and the Residential Growth Zone are used in growth areas around the existing and proposed rail network and along rapid bus transit routes.

METROPOLITAN PLANNING AUTHORITY

INITIATIVE 2.2.5**FACILITATE THE REMEDIATION OF CONTAMINATED LAND, PARTICULARLY ON SITES IN DEVELOPED AREAS OF MELBOURNE WITH POTENTIAL FOR RESIDENTIAL DEVELOPMENT**

There are many sites across Melbourne that have a legacy of environmental contamination as a result of Melbourne's industrial and manufacturing heritage. Redevelopment for residential and other sensitive uses requires a high order of risk management, and can involve high costs. For some sites, the cost of remediation relative to the development potential may limit reuse.

There is a need to ensure that the policy framework for managing contaminated environments is effective in supporting safe redevelopment, and also in pursuing innovative approaches to maximise redevelopment opportunities for residential uses.

In the short term

- Work with the Metropolitan Planning Authority to update the contaminated environment regulatory and policy framework to clarify statutory roles and responsibilities, strengthen governance and accountability, and provide for proportionate and risk-based responses to land-use demand.

DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES

- Work with the Environment Protection Authority and the Department of Transport, Planning and Local Infrastructure (Planning) to improve the integration of land-use planning and environmental processes for assessment and remediation of contaminated sites.

DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES

- Work with the Environment Protection Authority and the Department of Environment and Primary Industries to reduce the uncertainty of investigation and clean-up requirements for potentially contaminated land, and bring the land to market sooner.

METROPOLITAN PLANNING AUTHORITY

ASHWOOD CHADSTONE GATEWAY PROJECT

PROVIDING SOCIAL HOUSING



The Ashwood Chadstone Gateway Project is an exciting housing development providing much-needed, high-quality, affordable housing that contributes to the renewal of the Ashwood–Chadstone area.

The project has redeveloped six vacant sites to deliver affordable housing for singles, couples, families and older people on low-to-moderate incomes. It is a major investment in affordable housing with the Victorian Government and the Port Phillip Housing Association each contributing about \$70 million. The government selected the project after a competitive tender process by the Department of Human Services.

Port Phillip Housing Association is an independent, community-based housing agency that owns, develops and manages affordable rental housing for people on low-to-moderate incomes. The association currently owns and manages over 1000 dwellings across Melbourne and has won many awards for excellence in the management, planning and design of community housing.

The Ashwood Chadstone Gateway Project is the largest development to date by a registered affordable housing association. There will be 210 social housing apartments and townhouses (plus a further 72 for sale) in the project. The association will deliver a further 180 or more social housing dwellings, without government contribution, in Melbourne as part of an agreed leveraging arrangement. This consolidates the association's reputation as a reliable and competitive inner-urban developer.

Selling some housing provides the association with funds to build more high-quality community housing (both at Ashwood Chadstone and in other areas of Melbourne), and to rent other housing to people at prices they can afford. It sold the housing at market prices to anyone who wanted to buy it.

The City of Monash and the Victorian Government endorsed the height and density of the development in terms of its neighbourhood character. The scale and mix of housing ensured the project was socially sustainable and commercially viable. The development demonstrates how to increase density in well-served locations to enhance amenity, while minimising impacts on the surrounding neighbourhood.

Significant public consultation was part of the project.

THE ASHWOOD CHADSTONE
GATEWAY PROJECT SHOWS
HOW TO INTEGRATE PRIVATE
DEVELOPMENT AND
SOCIAL HOUSING, WITH
HIGH-QUALITY RESULTS

DIRECTION 2.3 FACILITATE THE SUPPLY OF SOCIAL HOUSING

The government's social housing framework, *New Directions for Social Housing: A Framework for a Strong and Sustainable Future*, has been developed to build better communities, deliver better opportunities to existing and prospective tenants and develop better assets.

The stock of public housing the Victorian Government owns and manages consists of a wide range of holdings in diverse locations across the city. Some of these holdings are large estates. These large housing estates are of metropolitan significance, not only because they fulfil an important housing role, but because they are often located in highly accessible and well-served inner-urban locations that achieve many of the objectives of our plan for housing.

Other public housing is located in the middle-ring suburbs. In a range of locations, the concentration of these properties could provide the opportunity for a precinct-wide approach to redevelopment. This could increase residential densities with a mix of private and social housing and support the regeneration of urban infrastructure and the greening of the suburbs. In this way, public housing regeneration could also act as a demonstration model and catalyst for privately funded precinct renewal. In the future, the community housing sector will be invited by the Metropolitan Planning Authority to be involved in the redevelopment of urban-renewal precincts. The provision of social housing includes work done by Victoria's community housing sector.

INITIATIVE 2.3.1

FACILITATE GROWTH IN THE SOCIAL HOUSING SECTOR

There are opportunities to improve social housing availability through a mix of regulatory and incentive-based planning provisions linked to current and future metropolitan housing needs. This could include reductions in development contributions for the balance of private stock delivered as part of a project that provides a minimum threshold of social housing stock.

Incentives and other mechanisms should also be considered. For example, where rezoning is necessary to achieve urban renewal, we will explore the capacity to capture a proportion of the increased land value to directly contribute to the costs of providing social housing.

In the short term

- Amend the Victoria Planning Provisions to make the Minister for Planning the responsible authority for selected social housing planning permit applications that are recommended by the Director of Housing for priority consideration.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Amend the Victoria Planning Provisions to include a definition of social housing consistent with the government's social housing framework, *New Directions for Social Housing: A Framework for a Strong and Sustainable Future*.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE (PLANNING)

- Determine the costs, benefits and opportunities of including social housing in identified urban-renewal precincts, before beginning structure planning or rezoning land.

METROPOLITAN PLANNING AUTHORITY

- Assess the benefits of applying flexible development contribution charges to developments that deliver social housing dwellings.

METROPOLITAN PLANNING AUTHORITY

DIRECTION 2.4 FACILITATE THE SUPPLY OF AFFORDABLE HOUSING

The range of housing and price points vary within suburbs and across Melbourne. Affordable housing can be considered as housing the cost of which (whether as mortgage repayments or as rent) is no more than 30 per cent of an average household's income. With an average household's income varying from suburb to suburb, a range of housing types within suburbs will help improve local affordability.

INITIATIVE 2.4.1 DEVELOP A CODIFIED APPROVAL PROCESS FOR DEFINED LOCATIONS

Directing population and housing growth to defined change areas will require that these areas appeal to the greatest range of households on various incomes.

To support this, government will develop and implement a codified approval process in defined change areas that provides local governments with a streamlined approval process, provided that proponents achieve a set of premium development standards related to dwelling design, open space and urban design.

Standards that allow codified approval will be created in consultation with local governments and will represent a win for the community and households in terms of amenity and will assist the housing sector in relation to feasibility and certainty.

In the short term

- Create a codified approval process for development in defined residential change areas.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL
INFRASTRUCTURE (PLANNING)

INITIATIVE 2.4.2

INCREASE OUR UNDERSTANDING OF AFFORDABLE HOUSING IN THE CONTEXT OF CHANGING HOUSEHOLD TYPES AND NEEDS

What constitutes affordable housing means different things to different people. What is affordable to a resident in a particular suburb may be unaffordable to someone who seeks to move into the suburb. While it is important to continue to moderate the increase in the price points of housing, we also need to ensure that diverse housing products at diverse prices are provided in each suburb.

In the short term

- Increase our understanding of the impacts of demographic change and changes in household structure on the need to provide diverse housing types at diverse price points in each suburb.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL
INFRASTRUCTURE (PLANNING)

- Amend the Victoria Planning Provisions to include a definition of affordable housing.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL
INFRASTRUCTURE (PLANNING)

INITIATIVE 2.4.3**ACCELERATE INVESTMENT
IN AFFORDABLE HOUSING**

Given the growing number of people unable to afford the cost of rental accommodation, especially in the more-accessible central and inner-urban areas of metropolitan Melbourne, it will become increasingly important to engage with institutions and private-sector providers involved with, or interested in being, a low-cost housing provider.

In the short term

- Investigate planning provisions and mechanisms to deliver more affordable housing, especially within significant change areas.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL
INFRASTRUCTURE (PLANNING)

In the medium term

- Identify government actions that could enable viable private-sector real estate investment trusts that provide long-term housing options to lower-income households.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL
INFRASTRUCTURE (PLANNING)