Direction 2.1

Manage the supply of new housing in the right locations to meet population growth and create a sustainable city

The social, economic and environmental benefits of creating a more compact, sustainable city are profound. Some of the benefits of compact, higher-density neighbourhoods are as follows:

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

Economic
It enhances the economic viability of development, improves the economic viability of infrastructure delivery and utilises existing infrastructure.

Transport
It creates sustainable demand for more transport options—including public transport, walking and cycling—and can reduce overall travel time.

Environmental
It creates opportunities for efficient use of resources and materials, creates less pollution through the promotion of sustainable transport, preserves and helps fund the maintenance of public open space, creates new public open space, reduces overall demand for development land, and avoids expanding suburbs without supporting services.22

Strategies need to be put in place that articulate clear goals and objectives for housing and:
• outline the needs of different household types
• provide a greater understanding of the range of housing needed
• provide a stronger understanding of opportunities and constraints
• identify preferred housing outcomes
• help clarify and communicate housing required across metropolitan Melbourne and its metropolitan regions
• address housing diversity, design, quality and energy efficiency
• seek to locate at least 65 per cent of new housing in established areas of Melbourne and no more than 35 per cent in growth areas in line with current levels of development and Victoria in Future projections.
Policy 2.1.1
Maintain a permanent urban growth boundary around Melbourne to create a more consolidated, sustainable city

Maintaining a permanent urban growth boundary sends a clear message about the long-term development priorities for Melbourne and Victoria. Those priorities include:
- reducing urban sprawl
- increasing metropolitan housing densities in the right places
- ensuring Melbourne’s established suburbs accommodate a greater share of Melbourne’s growth
- creating a more consolidated city of 20-minute neighbourhoods with good access to public transport and services
- protecting the values of non-urban land, opportunities for productive agricultural land and significant landscapes.

A permanent urban growth boundary will be maintained to contain Melbourne’s outward growth.

Policy 2.1.2
Facilitate an increased percentage of new housing in established areas to create a city of 20-minute neighbourhoods close to existing services, jobs and public transport

Victoria in Future projections indicate that around 65 per cent of all new dwellings will be in Melbourne’s established areas, with 35 per cent in growth area greenfield sites. Figure 7 provides likely housing distribution figures from 2015–2051 based on Victoria in Future 2016. It also provides an alternate aspirational scenario of housing distribution if 70 per cent of new housing was to be provided within Melbourne’s established areas.

To remain liveable and become more productive and sustainable, Melbourne must build on this current trend. Since 2014 around 70 per cent of all new housing built has been in established areas.

Planning will be undertaken to ensure that the best parts of Melbourne are maintained and the benefits experienced in established inner and middle suburbs of Melbourne from compact, walkable neighbourhoods can also be realised in middle and outer areas.

This approach will support greater housing diversity and offer better access to services and jobs. It will also encourage the right mix of housing by enabling local residents to downsize or upsize without leaving their neighbourhood.

Figure 7
Housing distribution between established areas and growth area greenfields

<table>
<thead>
<tr>
<th>Scenario 1</th>
<th>VIF 2016</th>
<th>Net dwelling additions 2015–51</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>Total</td>
<td>Established</td>
</tr>
<tr>
<td>Inner Metro</td>
<td>215,000</td>
<td>215,000</td>
</tr>
<tr>
<td>Western</td>
<td>385,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Northern</td>
<td>355,000</td>
<td>175,000</td>
</tr>
<tr>
<td>Inner South East</td>
<td>110,000</td>
<td>110,000</td>
</tr>
<tr>
<td>Eastern</td>
<td>175,000</td>
<td>175,000</td>
</tr>
<tr>
<td>Southern</td>
<td>310,000</td>
<td>185,000</td>
</tr>
<tr>
<td>Total Melbourne</td>
<td>1,550,000</td>
<td>1,010,000</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>65%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario 2</th>
<th>Aspirational scenario</th>
<th>Net dwelling additions 2015–51</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>Total</td>
<td>Established</td>
</tr>
<tr>
<td>Inner Metro</td>
<td>230,000</td>
<td>230,000</td>
</tr>
<tr>
<td>Western</td>
<td>365,000</td>
<td>160,000</td>
</tr>
<tr>
<td>Northern</td>
<td>340,000</td>
<td>180,000</td>
</tr>
<tr>
<td>Inner South East</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Eastern</td>
<td>190,000</td>
<td>190,000</td>
</tr>
<tr>
<td>Southern</td>
<td>300,000</td>
<td>195,000</td>
</tr>
<tr>
<td>Total Melbourne</td>
<td>1,550,000</td>
<td>1,080,000</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Note:
Housing distribution figures have been developed to show distribution between established areas and greenfield areas based on two scenarios. Scenario 1 is based on VIF 2016 projections which assume continuation of current trends. Scenario 2 shows an aspirational distribution based on achieving a 70/30 split of net dwelling additions. For the purpose of these figures, greenfield areas include land in a growth area council that is either currently under development or identified for future development.

Source: Department of Environment, Land, Water and Planning
(1) For metropolitan planning purposes the southern part of Mitchell Shire is included in the Northern Region.
Policy 2.1.3
Plan for and define expected housing needs across Melbourne’s regions

Planning for housing at a regional level will help identify planned residential change across Melbourne, including areas identified for residential growth, moderate housing growth and areas of limited change.

Metropolitan regions should facilitate a housing market that creates ongoing and substantial new housing opportunities near jobs, services and transport. Local governments need to consider housing policy and planning in the context of their own municipal boundaries as well as the broader housing objectives of their region.

Regional planning must make adequate provisions for future housing needs and ensure:
- defined housing change areas, as well as redevelopment sites and areas, are identified to support long-term housing growth, choice and diversity for a range of household types
- planning for residential change areas facilitates ongoing investment and creates relatively high levels of housing opportunity
- new development is directed to areas with appropriate infrastructure, and greater density is supported where it optimises the value of existing infrastructure
- a spectrum of minimal, incremental and high-change residential areas are allowed to balance the need to protect valued areas with the need to ensure choice and growth in housing markets across the metropolitan area
- information is collected and reported in relation to changes to household types, housing needs and population growth—thereby informing future planning decisions.

Policy 2.1.4
Provide certainty about the scale of growth in the suburbs

There is a need to provide greater certainty and facilitate long-term growth and housing choice in the right locations.

Local government and the community also need confidence that the built form objectives they sign up to will be adhered to.

The review of residential zones will give greater certainty to the community by strengthening mandatory height provisions and site coverage requirements in each of the residential zones.

In areas where greater change is expected—such as urban renewal precincts and mixed-use and activity centre areas—requirements to adhere to preferred heights will also be strengthened. This will be achieved by improving the way height in strategic locations is managed and decisions are made.

MANAGING RESIDENTIAL DEVELOPMENT

The residential zones introduced in 2013 have been reviewed by the Managing Residential Development Advisory Committee and amended to better reflect the balance between protection of neighbourhood character and well designed developments. The new zones were the Neighbourhood Residential Zone, General Residential Zone and Residential Growth Zone. The underlying principles of the zones were sound, however the zones have been applied in different ways and through different processes across councils. The Managing Residential Development Advisory Committee found that the inconsistencies in the way the zones had been implemented resulted in a lack of clarity, transparency and consistency.

To provide greater consistency and certainty about growth in the suburbs and the built form outcomes being sought, the residential zones have been reviewed and updated to provide consistent and strengthened mandatory height controls and building coverage requirements. This will provide greater certainty to communities about the level of development that can occur and enable Melbourne to develop in a way that is sustainable and does not detract from the character of the suburbs.
Direction 2.2

Deliver more housing closer to jobs and public transport

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

For this direction to be achieved, the standards of higher-density housing need to be raised. There are significant opportunities for housing development in and around the central city. There are also opportunities for more medium- and higher-density development in middle suburbs close to jobs and services including:

- urban renewal precincts
- areas identified for residential growth
- areas identified for greyfield renewal
- areas identified for greyfield renewal
- areas designated as national employment and innovation clusters
- metropolitan activity centres and major activity centres
- neighbourhood activity centres—especially if they have good public transport connections
- areas near existing and proposed railway stations that can support transit-oriented development.

Encouraging mixed-use developments and greater housing diversity and density near employment and transport will create opportunity and choice for medium- and low-income households.

Policy 2.2.1
Facilitate well-designed, high-density residential developments that support a vibrant public realm in Melbourne’s central city

Directing population and housing growth into defined change areas will enable the Victorian Government to work with local governments, developers and 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.

A number of major urban renewal precincts have been identified in the central city (as shown on Map 4). Maximising development opportunities of these precincts will minimise the need to increase residential densities in other parts of the city. The sequencing of infrastructure within these precincts will maximise their development potential and provide timely services and amenities for residents.

There is a need to find ways to give the market some flexibility to maximise development opportunities. For instance, additional development rights could be granted in exchange for the provision of additional amenity in the central city and other key urban renewal and structure plan areas.

Policy 2.2.2
Direct new housing and mixed-use development to urban renewal precincts and sites across Melbourne

The redevelopment of urban renewal precincts and sites will create more diversity in the housing market—including opportunities for affordable and social housing—as well as more jobs and community services. Urban renewal precincts will be major sources of medium- and higher-density mixed-use development. Additional urban renewal opportunities need to be identified through regional planning in partnership with the local government sector.

Local governments will be supported to deliver outcomes at identified local urban renewal precincts and sites, particularly if they have complex issues that need to be addressed such as site contamination.

Policy 2.2.3
Support new housing in activity centres and other places that offer good access to jobs, services and public transport

To support increased housing supply in established areas, it will be necessary to define locations best able to support increased densities.
Activity centres are usually well served with public transport and offer access to a range of services and facilities. Many activity centres can support additional housing growth and will need flexibility, particularly where there is a significant population and household growth forecast.

Activity centres with the greatest potential to attract investment and support more medium- and higher-density housing need to be identified. This should also include opportunities for the creation of new activity centres. Once identified, appropriate policies, provisions and guidelines must be developed and put in place to encourage and support planned growth.

Policy 2.2.4
Provide support and guidance for greyfield areas to deliver more housing choice and diversity

Greyfield sites are residential areas where building stock is near the end of its useful life and land values make redevelopment attractive. Melbourne has many residential areas that qualify as greyfield sites, particularly in established middle and outer suburbs. These areas often have low-density, detached housing on suburban-sized allotments that have good access to public transport and services.

Up until now, the redevelopment of these areas has been generally uncoordinated and unplanned. That must change. Greyfield areas provide an ideal opportunity for land consolidation and need to be supported by a coordinated approach to planning that delivers a greater mix and diversity of housing and provides more choice for people already living in the area as well as for new residents.

Methods of identifying and planning for greyfield areas need to be developed. A more structured approach to greyfield areas will help local governments and communities achieve more sustainable outcomes.

Policy 2.2.5
Require development in growth areas to be sequenced and staged to better link infrastructure delivery to land release

Growth areas have a significant role to play in how Melbourne’s growth is managed and provide affordable housing options to residents. As Figure 8 shows, Melbourne’s greenfield lots are the second cheapest among Australia’s capital cities. Comparative prices in Sydney are more than double Melbourne’s prices.

Melbourne’s growth areas have at least 25 years supply of greenfield residential land (undeveloped land on the fringe of the city). Of this, approximately 15 years land supply is ‘development ready’, being either zoned or having approved Precinct Structure Plans. Residential densities in recent years have increased from 15 dwellings per hectare to around 18 dwellings per hectare. If average densities continue to increase, this supply will last beyond 2050. Although Melbourne’s greenfield housing market performs strongly, the models for coordinating the delivery of land supply and supporting infrastructure can be improved. Poorly managed releases of land can result in higher living costs for residents, as well as limiting access to workforce opportunities and education and health services.

An integrated approach to land-use and transport planning helps ensure infrastructure and essential services are delivered as areas develop. Initiatives such as growth areas infrastructure contributions to help fund substantial state infrastructure and improved transport services, including the Regional Rail Link and reservation for future transport corridors, can help deliver sustainable new communities.

In the future, planning and development of growth areas should:
• provide around 15 years supply of land approved for development
• over time, seek an overall increase in residential densities to more than 20 dwellings per hectare
• be sequenced to ensure new precincts are contiguous with previously approved precincts.

This approach will link infrastructure delivery to land release, ensuring residents in new communities receive the services and infrastructure they need sooner. Coordinated planning such as this will help create stronger, healthier communities.

Figure 8
Median lot price by market, September 2016

<table>
<thead>
<tr>
<th>Market</th>
<th>Price Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sydney metro</td>
<td>$500,000</td>
</tr>
<tr>
<td>Brisbane</td>
<td>$450,000</td>
</tr>
<tr>
<td>Sunshine Coast</td>
<td>$400,000</td>
</tr>
<tr>
<td>Gold Coast</td>
<td>$350,000</td>
</tr>
<tr>
<td>Perth</td>
<td>$300,000</td>
</tr>
<tr>
<td>Melbourne</td>
<td>$250,000</td>
</tr>
<tr>
<td>Adelaide</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

Source: National Land Survey Program (NLSP) by Charter Keck Cramer and Research 4
Map 14

Metropolitan and major activity centres

Source: Department of Environment, Land, Water and Planning
OUTCOME 2

List of activity centres

Central city
Melbourne

Metropolitan activity centres

Box Hill
Broadmeadows
Dandenong
Epping

Footscray
Fountain Gate-Narre Warren
Frankston
Ringwood

Sunshine
Future
Lockerbie
Toolern

Major activity centres*

Airport West
Altona
Altona North
Ascot Vale-Union Road
Balaclava
Bayswater
Bentleigh
Berwick
Boronia
Brandon Park
Braybrook-Central West
Brighton-Bay Street
Brighton-Church Street
Brimbank Central
Brunswick
Burwood East-Tally Ho
Burwood Heights
Camberwell Junction
Carlton-Lyon Street
Carnegie
Caroline Springs
Casey Central
Caufield
Chadstone
Chelsea
Cheltenham
Cheltenham-Southland
Chirnside Park
Clayton
Coburg
Craigmieurn
Craigieburn Town Centre
Cranbourne
Croydon
Deer Park
Diamond Creek
Doncaster East-The Pines
Doncaster Hill
Elsternwick
Eltham
Endeavour Hills

Fitzroy-Brunswick Street
Fitzroy-Smith Street
Flemington-Racecourse Road
Forest Hill Chase
Gladstone Park
Glen Waverley
Glenhuntly
Glenroy
Greensborough
Hampton
Hampton Park
Hastings
Hawthorn-Glenferrie Road
Heidelberg
Hoppers Crossing
Ivanhoe
Karingal
Kew Junction
Keysborough-Parkmore
Lilydale
Malvern/Armadale
Manor Lakes
Maribyrnong-Highpoint
Melton
Melton-Woodgrove and Coburns Road
Mentone
Merrnda
Moonee Ponds
Moorabbin
Mordialloc
Mornongton
Mount Waverley
Mountain Gate
Niddrie-Kilmore Road
Noble Park
North Essendon
Northcote
Nunawading
Oakleigh
Officer
Pakenham

Point Cook
Port Melbourne-Bay Street
Prahran/South Yarra
Preston-High Street
Preston-Northland
Reservoir
Richmond-Bridge Road
Richmond-Swan Street
Richmond-Victoria Street
Rosebud
Rowville-Stud Park
Roxburgh Park
Sandringham
South Melbourne
South Morang
Springvale
St Albans
St Kilda
Sunbury
Sydenham
Tarneit
Toorak Village
Wantirna South-Knox Central
Werribee
Werribee Plaza
Williams Landing
Williamstown
Future
Beveridge
Clyde
Clyde North
Hopkins Rd
Mickelham
Plumpton
Riverdale
Rockbank
Rockbank North
Sunbury South
Wallan
Wollert

* Each of these centres has different development potential and is subject to local strategic planning.
Map 15

Lower-cost housing in metropolitan Melbourne 1995 and 2015

Note: Lower-cost housing for the purpose of this illustration is defined as the cheapest 25% of all houses sold in Melbourne in the relevant year. In 1995 this was houses that sold for less than $100,000. In 2015 it was houses that sold for less than $415,000.

Source: Department of Environment, Land, Water and Planning