

7.1.6 PLAN FOR VICTORIA AND HOUSING TARGETS

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RECOMMENDATION

That Council

1. **Notes the State government’s consultation phase for the development of a new Plan for Victoria that will replace Plan Melbourne as the State Government’s planning policy for Melbourne and Victoria more broadly.**
2. **Notes that the information provided on the proposed Plan for Victoria covers 4 broad “pillars”, is high level and aspirational and is generally a reimagining of earlier themes of Melbourne 2030 and Plan Melbourne**
3. **Notes that the State has released draft Housing Targets for each municipality in Victoria that estimate the additional number of dwellings required by 2051.**
4. **Notes that the draft Housing Target for Monash is for an additional 72,000 dwellings by 2051.**
5. **Notes and adopts this report and the draft Submission to the Department of Transport and Planning on Plan for Victoria and the draft Housing Targets at Attachment 1.**

INTRODUCTION

The purpose of this report is to consider and adopt a submission to Victorian State governments consultation on the development of a Plan for Victoria and the State governments draft Housing Targets as set out in this report and Attachment 1.

COUNCIL PLAN STRATEGIC OBJECTIVES

Sustainable City

Ensure an economically, socially, and environmentally sustainable municipality.

Enhanced Places

Pursue a planning framework that meets Monash needs.

Good Governance

Maintain the highest standards of good governance.

BACKGROUND

There have been a number of State government planning documents for metropolitan Melbourne over the last 20 years.

Melbourne 2030

Melbourne 2030, introduced in 2002 was the first major long-term plan that moved away from the traditional concept of growth corridors, seeking to focus more growth in established urban areas.

Melbourne 2030 was replaced by Plan Melbourne in 2014 and *“sought to integrate long-term land use, infrastructure and transport planning to meet the population, housing and employment needs of the future.”*

Plan Melbourne

Adopted in 2014 Plan Melbourne was the State governments long term plan for metropolitan Melbourne out to 2050

Plan Melbourne was refreshed in 2017 and included an addendum 2019.

Plan Melbourne covered 7 Outcomes themes:

1. Delivering jobs and investment
2. Housing choice and affordability
3. A more connected Melbourne
4. Liveable communities and neighbourhoods
5. Environment and water
6. A state of cities
7. Implementation and delivering better governance

Plan Melbourne divided metropolitan Melbourne into subregions. Monash being part of the Eastern Subregion.

Plan Melbourne included initiatives and concepts such “20-minute neighbourhoods”, increasing housing choice and affordability, a more polycentric approach, with a focus on activity centres, forecasting future jobs, housing and population.

As well focusing growth in and around activity centres, Plan Melbourne identified locations such as the Monash National Employment and Innovation Cluster, Health and Education Precincts, the Monash Medical Centre Precinct and the Monash University, Clayton.

Plan Melbourne contained 112 Implementation Actions to give effect to the vision and urban form outcomes of the Plan. There were significant challenges in delivering on those actions, with many not delivered or remaining incomplete.

Some of the key projects or implementation actions of Plan Melbourne not delivered are:

- 20 minute neighbourhoods
- Cooling and greening
- Future homes
- Fishermans Bend Urban Renewal Area
- National Employment Clusters
- Affordable Housing
- Value capture sharing

DISCUSSION

The State Government is currently undertaking a review of state planning policy, broadening its scope to be a planning vision and policy for the whole of Victoria.

As part of this review, and in response to the Victorian Housing Statement, the State Government has also recently released Statewide draft housing targets which set out a target number of homes to be built between now and 2051 in order to meet the States housing commitment within each local government area across the state.

The State is seeking feedback on the Vision, pillars and possible State led actions to include in a new plan for Victoria to complement the draft Housing Targets.

Plan for Victoria consultation

The current stage of Plan Victoria is best described as an early concept consultation framework and contains limited direct information to comment on other than the information provided on the Engage Victoria website.

The level of detail has not reached the stage of a draft plan or vision, rather has identified, four high-level “pillars” to guide conversations and assist in informing the *Big Ideas for Victoria’s Future*. These are:

- Affordable housing and choice;
- Equity and jobs;
- Thriving and liveable suburbs and towns, and
- Sustainable environment and climate action.

The Image 1 below shows the four pillars, top 3 visions and potential ideas and initiatives under those themes.

Pillar based feedback-LGA Vision and Ideas				
	AFFORDABLE HOUSING <i>and</i> CHOICE	EQUITY <i>and</i> JOBS	THRIVING <i>and</i> LIVEABLE SUBURBS AND TOWNS	SUSTAINABLE ENVIRONMENTS <i>and</i> CLIMATE ACTION
Top 3 key vision themes	<ol style="list-style-type: none"> 1. Housing diversity and density 2. Affordable and social housing 3. Stay local 	<ol style="list-style-type: none"> 1. Local Employment 2. Economic outcomes and innovation 3. Transport 	<ol style="list-style-type: none"> 1. Connected communities 2. Stay local 3. Open/green spaces 	<ol style="list-style-type: none"> 1. Open/green spaces 2. Environmentally sustainable design (ESD) 3. Natural disaster / climate change resilience
Ideas & initiatives –	<ul style="list-style-type: none"> • Infrastructure and services required to achieve increased density in the suburbs. 	<ul style="list-style-type: none"> • Modernise land use terms and have more permissive land use controls in core industrial areas with good design and public realm standards. 	<ul style="list-style-type: none"> • Consider micro mobility infrastructure. Active transport and public transport enhancements. 	<ul style="list-style-type: none"> • Balancing population and housing density with green spaces and trees.
What we heard snapshot	<ul style="list-style-type: none"> • There is a need to attract investment in housing from private developers. • Practical incentives for affordable housing as a percentage of new housing stock. • Ensure there are both carrot and stick mechanisms for private developers to contribute to more than one- and two-bedroom developments. 	<ul style="list-style-type: none"> • Vibrant, mixed used, light industrial development with activity centres that are sustainable and attractive, and green developments where people want to live and work. • The best mixed use is commercial and residential in the same location with transport hubs – we need to facilitate this more. • Current mechanisms to capture funds for infrastructure is not working 	<ul style="list-style-type: none"> • Stronger guidance and support for quality design • Increased tree canopy is very important in areas experiencing density. 	<ul style="list-style-type: none"> • Updated hazard mapping (flood, fire, sea level rise) is required to ensure new housing aren't at risk. • State government incentives needed for ESD in new builds and renovations. • Coordinated plan required for charging networks across the state, including integration into public infrastructure.

Image 1

The Plan Victoria website notes community feedback on the top priorities for Victorians in Image 2 below.



Image 2

Plan Victoria - the Four pillars - Officer comments

The four pillars that form the basis of the consultation for Plan Victoria are essentially a restatement of previous State policy. The pillars are consistent with the directions of previous versions of State planning policy and Councils vision for Monash.

The four pillars provide an adequate conceptual umbrella to develop more detailed policy responses and actions to guide and facilitate development in Victoria. The challenge for the State and Councils is to identify real world, tangible actions that deliver on the pillars in a meaningful and timely manner.

Officers met with the Plan for Victoria team from the Department of Transport and Planning (DTP) in mid-June and have attended several information sessions designed to explain the feedback sought and the methodology used to arrive at the Draft Housing Targets.

Informal discussions with neighbouring municipalities and groups such as the Eastern Affordable Housing Alliance have also informed officers' understanding of the likely impacts of these State Government initiatives.

More than just a plan is needed

Discussions at officer level focused on possible responses and actions to deliver on the four pillars of the current consultation material.

Concerningly, representatives from the Department of Transport and Planning also indicated that Plan Victoria will be a high level, living document. This change is noteworthy, particularly given that previous iterations of state planning policy, Melbourne 2030 and Plan Melbourne, contained many actions that have not been delivered.

There is a clear and pressing need for Plan Victoria to set out key actions and deliver on those actions in order to give effect to the four pillars as Melbourne continues to grow at a rate beyond forecasts.

At a minimum, and despite the non-delivery of some actions, officers believe that Plan Victoria should carry over key actions from Melbourne 2030 and Plan Melbourne to address the significant gaps in planning policy and ensure the delivery of the urban environment expected by the community as set out in Image 2, promised by successive State government planning policy and envisaged by the four pillars of Plan Victoria.

Plan Victoria should include the delivery of:

- A framework plan for the Monash National Employment and Innovation Cluster.
- A fit for purpose metropolitan development contribution funding mechanism.
- A new mechanism to fund new or improved public open space in urban areas, particularly given significantly increased densities and likely increases in other tenure models such as build to rent.
- A mandatory requirement for the provision of affordable housing in development in established urban areas.
- Cooling and greening provisions.
- Revisions to Windfall Gains Tax to exempt Council land holdings from the tax.

Plan Victoria should also recognise that many of the challenges and actions required to deliver on the four pillars sit outside the role of the planning scheme and that a broad and integrated approach from all arms of the State is required to deliver the intent of Plan Victoria.

Housing Targets

As part of the Victoria Housing Statement and linked with development of Plan Victoria, the State government has released draft Housing Targets for each municipality across Victoria.

The draft Housing Targets identify the need to build 2.24 million new dwellings in Victoria between now and 2051. The draft Housing Targets then apportion part of these 2.24 million new dwellings across each municipality.

The aim of the housing targets is to *“drive planning decisions by state and local government.”* The State's housing target model is set out in Image 3 below.

What are housing targets?

New housing targets will drive planning decisions by state and local government

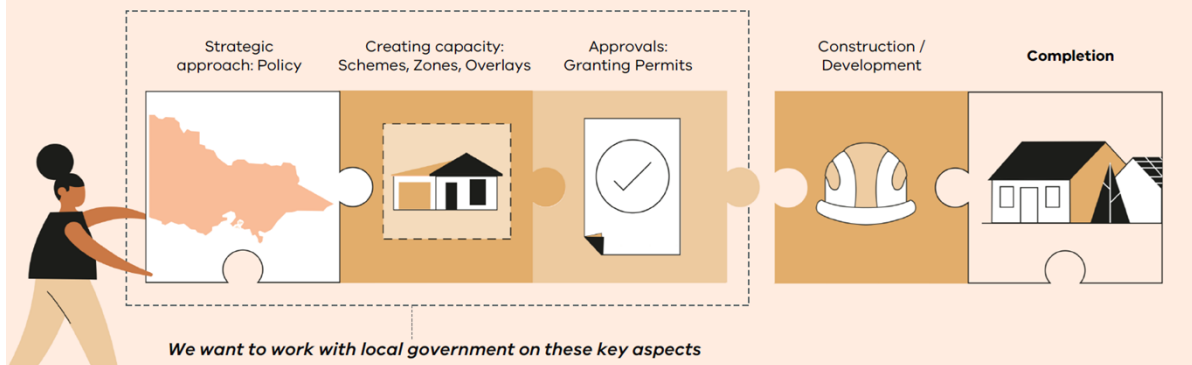


Image 3

The housing targets to deliver more homes near transport and jobs and to develop 'smarter and more sustainable' neighbourhoods.

The housing target for Monash is for an additional 72,000 dwellings by 2051. There are currently approximately 78,000 dwellings in Monash.

Housing targets – officer comments

The Housing Targets are based on current population forecasts out to 2051 and then apportion that dwelling number across municipalities.

It is noted that the Housing Targets are a standalone response to broader challenges of forecast population growth and are set in the absence of any national or state based settlement and population policy framework.

Monash currently contains approximately 78,300 dwellings.

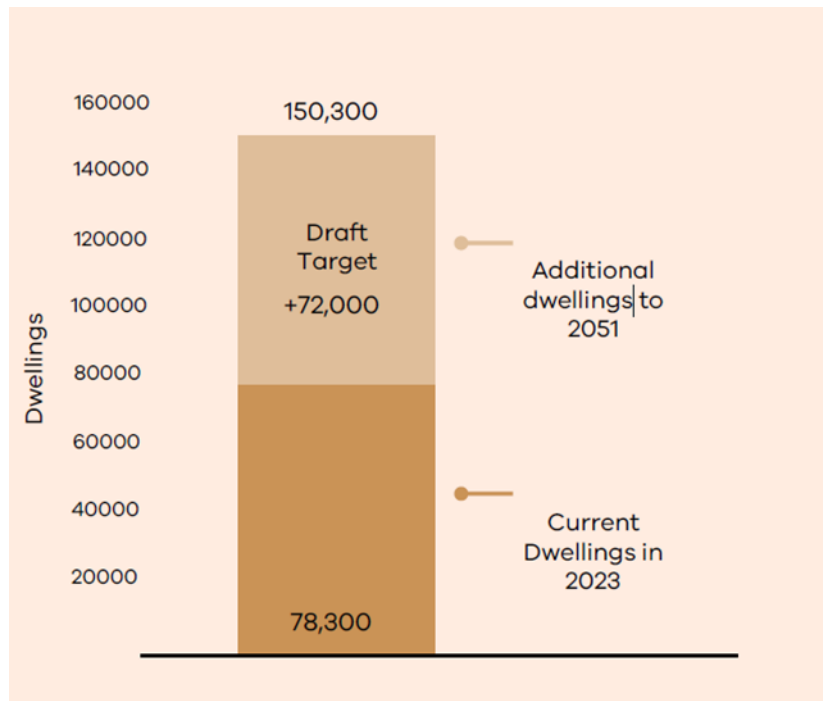
The housing target for Monash is an additional 72,000 dwellings by 2051, This equates to an increase of 92% and would require an average of 2,571 new dwellings to be constructed each year for 27 years. See Image 4 below.

Historically the number of new (net) dwellings constructed in Monash has been around 900 to 1,000. To achieve the Housing Target would require about 2.5 times the number of new dwellings that are currently being constructed annually.

This would result in a total of 150,300 dwellings by 2051 with an estimated future population exceeding 350,000 residents.

Image 4.

Monash Draft Housing Target



Forecast.id has a projected dwelling growth rate for Monash of up to 1.27% per annum between 2021 and 2041, reflecting existing construction trends, with a projected dwelling number of 94,627 by 2041. Assuming these trends continue, Monash would be home to around 104,000 dwellings by 2051 which is 46,300 dwellings less than the target proposed by the State Government.

In Monash's case the impact of the Suburban Rail Loop (SRL) also needs to be considered. Whilst the SRLA have estimated population growth at the three proposed stations in Monash, these figures are projections to 2056, are based on population growth and do not include projected dwelling numbers. Until the mix and tenure of proposed additional housing is known, it is difficult to know what the projected number may be and what impact this will have on the draft housing targets.

Delivery of housing – planning scheme opportunities and constructed houses

An underlying premise of the State government's Housing Targets is that Councils and the planning system have unreasonably or deliberately constrained the supply of housing in established urban areas, and that the simple solution to this is to set targets and change the planning controls.

In announcing the Housing Targets, the State government framed the release of municipal housing targets as giving, "*Councils the first shot at unlocking space for more homes*". (Attachment 2)

Whilst this may seem straight forward on the face of it, it is a gross oversimplification of the issue and the least challenging aspect of delivering new homes.

Councils planning schemes use planning controls provided by and approved by the State government.

The rolling series of reforms to planning controls since local government amalgamations in 1994 and the introduction of new zones have provided for significant redevelopment opportunities in all residential and commercial zones in metropolitan Melbourne. These controls currently provide for significant redevelopment opportunities and housing capacity.

For example, the current General Residential zone allows for apartment buildings up to 3 storeys. Such a development on conventional suburban block would deliver around 8 or 9 dwellings. Although these developments are possible throughout most of metropolitan Melbourne the development industry does not provide them.

In the case of Monash, the Monash Housing Strategy 2014, activity centre structure plans and the Monash Planning scheme provide for significant dwelling increases, through increased density and height, in and around activity centres and throughout conventional residential areas.

In our submission to the precinct planning for the Suburban Rail Loop, Council noted that the SRLA was basing heights on what was currently being constructed, rather than opportunities created by the SRL. This is a missed opportunity for increased dwelling provision in prime urban locations.

How are the Housing Targets developed?

The draft Housing Targets do not include data on how the housing targets were developed, and consequently, whether they are possible under existing planning controls.

Based on the current structure of the Monash Planning Scheme it is likely that the housing Target for Monash is possible. However, housing capacity provided for by the planning scheme and dwelling delivery and construction are two distinctly separate things.

The Housing Targets do not include a reference to or acknowledge the important real world factors that actually deliver new housing. Ultimately, Councils can only approve the development applications that are lodged.

From Housing Targets to houses built

The Housing Target does not reference or acknowledge the issues and barriers to the delivery of new dwellings beyond the role of the planning scheme. In particular the Housing Target material does not review or address:

Challenges

- the target is an effective doubling of the population of metropolitan Melbourne
- the inherent conflict in the Housing Target and the pillars of Plan Victoria
- local government does not physically deliver housing
- how sites in established urban areas will cater for the density increase required
- the range of infrastructure needed to support these housing targets in established areas
- how will infrastructure be delivered and who will pay?
- how the State will deliver schools, hospitals, emergency services and transport capacity in these areas in a manner consistent with the pillars of Plan Victoria.

Planning settings

- why the development industry is not taking full advantage of the dwelling capacity of current planning controls, including 3 storey apartments in residential areas and taller apartments in residential areas of approved activity centres such as Clayton, Oakleigh and Glen Waverley

- why has the development industry not taken up the State government Future Homes program
- how land in private ownership will be brought to market as sites for new development

Economics of dwelling construction

- how the construction industry will deliver 2.5 times the number of dwellings currently being delivered across Victoria
- access to and the cost of land as the main component in housing construction
- cost and sourcing of construction materials
- what changes will be required to construction techniques and dwelling typology
- how the development industry competes for sites with owner occupiers and other lower yield forms of land use

Achieving the targets will require significant and lasting State and Federal Government intervention in order to be successful. This may, require Federal investment in infrastructure, changes to taxation and investment settings, new development contributions and the lifting of rate caps for LGAs to be able to fund the physical infrastructure that will be needed to support large increases in future population.

Finally, as a target, there is no detail provided on how the targets will be tracked or what the implications are for Council if targets are not met.

A draft Submission covering the issues raised in this report and providing more detail is included at Attachment 1.

FINANCIAL IMPLICATIONS

The financial implications of these two initiatives are unknown but they will be significant as it effectively predicts a doubling of the population of Monash.

The pressure on the existing financial status of Councils, local infrastructure and the demand to provide new of infrastructure, public open space and community facilities to service the new population envisaged by the targets will place an enormous burden on Council, particularly in the current rate-capped environment.

State policy at all levels consistently suggests that Councils have alternative revenue streams such fees and charges, land sales and other development opportunities that can assist in the delivery of Council services. The reality is that these opportunities are few and far between, where they do exist, such as land sales or joint projects with Housing Associations, Councils are penalised through other State regulations such as Windfall Gains Tax and Land Tax.

In the case of Windfall Gains Tax, the current form of exemptions in the Windfall Gains Tax are inequitable, as they exempt Universities and charities but not Councils.

This has broader negative financial and policy impacts for State and local policy in areas of social and affordable housing, as any Council owned land made available for social housing would need to be rezoned and therefore create a WGT liability for Council or the housing association.

Exempting Councils from Windfall Gains Tax liability would provide a minor but not insignificant financial benefit to Councils in specific circumstances and assist in meeting the demands of growing populations.

POLICY IMPLICATIONS

Both Plan for Victoria and the draft Housing Targets will have significant implications for Monash and the future of Melbourne and Victoria more broadly. Whilst they are broadly consistent with current state and local policy, the absence of key actions and directions in the material mean the medium to long term policy implications are unclear.

CONSULTATION

Community consultation was not required.

SOCIAL IMPLICATIONS

There are no social implications to this report.

HUMAN RIGHTS CONSIDERATIONS

There are no human rights implications to this report.

GENDER IMPACT ASSESSMENT

A GIA was not completed because this agenda item is not a 'policy', 'program' or 'service'.

CONCLUSION

Consultation and engagement on the Plan for Victoria has to date been very broad and at a high level, with community feedback being sought on the four pillars through the State Government's Engage Victoria website. These pillars are consistent with themes of previous State policy documents.

There are serious concerns about the Draft Housing Targets, how they will be monitored and enforced by the State government and the role that Councils play in the achievement of these targets. Particularly as Councils role in delivery is effectively limited to assessing applications that are lodged by the private sector development industry and applications vary based on broader economic factors.

Plan Victoria and the Housing Targets provide an overall context for development in Victoria, however the challenge for the State and Councils is to fill in the detail to create and implement actions and changes to enable the delivery of the visions and targets. This is the important next step.

ATTACHMENT LIST

1. attachment 1 Monash City Council Plan for Victoria and Housign targets submiss [7.1.6.1 - 13 pages]
2. Attachment 2 - Councils- Get- First- Shot- At- Unlocking- Space- For- More- Homes [7.1.6.2 - 2 pages]

Plan for Victoria
and
Draft Housing Targets

Submission by Monash City Council

August 2024

Introduction

Monash City Council welcomes the opportunity to provide feedback and comments on Plan for Victoria and the Draft Housing Targets.

This submission draws upon previous and current work undertaken by Council, including previous feedback on other initiatives relating to planning policy and provisions in Victoria.

Our submission also draws on earlier State planning policy and the actions proposed to give effect to that policy.

Overview – planning for urban areas

There have been a number of State government planning documents for metropolitan Melbourne over the last 20 years. These plans addressed a common vision for Melbourne and the type of urban areas that people desired. Importantly these plans included actions to assist in giving effect to those aspirations.

In developing the Plan for Victoria it is important to build upon the work of earlier plans. These issues remain relevant today.

Melbourne 2030

Melbourne 2030, introduced in 2002 was the first major long-term plan that moved away from the traditional concept of growth corridors, seeking to focus more growth in established urban areas.

Melbourne 2030 was replaced by Plan Melbourne in 2014 and “sought to integrate long-term land use, infrastructure and transport planning to meet the population, housing and employment needs of the future.”

Plan Melbourne

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As well focusing growth in and around activity centres, Plan Melbourne identified locations such as the Monash National Employment and Innovation Cluster, Health and Education Precincts, the Monash Medical Centre Precinct and the Monash University, Clayton.

Plan Melbourne contained 112 Implementation Actions to give effect to the vision and urban form outcomes of the Plan. There were significant challenges in delivering on those actions, with many not delivered or remaining incomplete.

Some of the key projects or implementation actions of Plan Melbourne, although not delivered, are of even more importance today:

- 20 minute neighbourhoods
- Cooling and greening
- Future homes
- Fishermans Bend Urban Renewal Area
- National Employment Clusters
- Affordable Housing
- Value capture sharing

Plan for Victoria - overview

The current stage of Plan Victoria is best described as an early concept consultation framework and contains limited direct information to comment on other than the information provided on the Engage Victoria website.

The level of detail has not reached the stage of a draft plan or vision, rather has identified, four high-level “pillars” to guide conversations and assist in informing the *Big Ideas for Victoria’s Future*. These are:

- Affordable housing and choice;
- Equity and jobs;
- Thriving and liveable suburbs and towns, and
- Sustainable environment and climate action.

The four pillars that form the basis of the consultation for Plan Victoria are essentially a restatement of previous State policy. The pillars are consistent with the directions of previous versions of State planning policy and Councils vision for Monash.

The four pillars provide an adequate conceptual umbrella to develop more detailed policy responses and actions to guide and facilitate development in Victoria. The challenge for the State and Councils is to identify real world, tangible actions that deliver on the pillars in a meaningful and timely manner.

Council notes and endorses the communities top priorities identified in the Plan Victoria initial consultation as shown it the image below.



More than just a plan is needed

It is noted with some concern that Plan Victoria is proposed to be a high level, living document and will not include delivery actions. This change is noteworthy, particularly given that previous iterations of state planning policy, Melbourne 2030 and Plan Melbourne, contained many actions that have not been delivered.

There is a clear and pressing need for Plan Victoria to set out key actions and deliver on those actions in order to give effect to the four pillars as Melbourne continues to grow at a rate beyond forecasts.

At a minimum, and despite the non-delivery of some actions, Plan Victoria should carry over key actions from Melbourne 2030 and Plan Melbourne to address the significant gaps in planning policy and ensure the delivery of the urban environment expected by the community as expressed in the current consultation, promised by successive State government planning policy and envisaged by the four pillars of Plan Victoria.

Plan Victoria should include the delivery of:

- A framework plan for the Monash National Employment and Innovation Cluster.
- A fit for purpose metropolitan development contribution funding mechanism.
- A new mechanism to fund new or improved public open space in urban areas, particularly given significantly increased densities and likely increases in other tenure models such as build to rent.
- A mandatory requirement for the provision of affordable housing in development in established urban areas.
- Cooling and greening provisions.
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Plan Victoria should also recognise that many of the challenges and actions required to deliver on the four pillars sit outside the role of the planning scheme and that a broad and integrated approach from all arms of the State is required to deliver the intent of Plan Victoria.

The Pillars of Plan for Victoria

The consultation material sets out four pillars and also flags a range of possible State-led actions. The submission provides commentary on the pillar and the potential actions.

1. Affordable Housing and Choice

The key vision themes include housing diversity and density, affordable and social housing and staying local. Monash is a very diverse municipality providing a high level of employment. The Monash National Employment and Innovation Cluster (MNEIC) provides the largest concentration of employment outside the Melbourne CBD. The range of employment includes corporate offices, manufacturing, health and education and hospitality and associated employment servicing these businesses and employees.

The median house price in Monash has historically been 40 - 60% higher than metropolitan Melbourne, with unit prices generally 20 – 40% higher. These higher housing prices are generally unaffordable for many of the key workers who service Monash residents and the MNEIC. The lack of affordable housing in Monash forces workers to commute longer distances adding to congestion and reducing liveability.

Possible State-led actions

Transport nodes – deliver homes around transport nodes

A key theme of past and current metropolitan planning policy is to locate housing close to transport and services and this is a reiteration of that principle. In Monash, most of the municipality is well served by train and bus, and with the future Suburban Rail Loop stations being planned for, this will continue. Frequency and directness of bus services could be improved and there are opportunities to improve sustainable transport options with better bicycle and walking path connections.

Affordable Housing contributions – minimum contributions for new development

As a member of the Eastern Affordable Housing Alliance, Monash Council has for many years been advocating for mandatory inclusionary zoning and other methods to ensure ongoing social and affordable housing delivery.

Monash has adopted an Affordable Housing Strategy and is currently seeking authorization to implement that Strategy into the Monash Planning Scheme.

A State-wide approach that mandates a requirement would be an equitable way of supporting this ambition.

Car parking reforms – removing minimum car parking in areas close to public transport

There is a need for car parking reforms, but this must be coupled with improvements to public transport and accessibility.

Community expectations for car parking for middle ring municipalities such as Monash are not the same as for inner city areas and will require clear guidance and communication to achieve mode shifts and acceptance of reductions in car parking.

Other Recommendations

- The State Government needs to do more to increase the provision of social housing.
- A Federal and State population policy is needed.
- Introduce state-wide inclusionary zoning for social and affordable housing throughout Victoria.

2. Equity and Jobs

Many of the ideas and initiatives in this pillar sit outside the ambit of planning, particularly those related to economic outcomes and innovation and local employment. With the MNEIC as a dominant employment and innovation precinct, Monash welcomes any initiatives that would strengthen its role particularly as the centre for research and development in the education and health precincts.

Possible State-led actions

Industrial and commercial land – further planning for industrial and employment land, freight terminals and a commercial port

Monash has a number of industrial precincts and commercial areas including activity centres that provide employment, services and facilities for the population of the municipality.

Monash has an adopted Industrial Land Use Strategy that provides strategic direction to support the future planning and development of industrial land within the municipality. It supports the retention of local industry as an important resource for small scale and start-up

industries, being well located and relatively affordable. This is also consistent with the directions in MICLUP.

Monash supports initiatives that encourage the retention of employment generating uses in locations that are accessible to the community.

3. Thriving and Liveable Suburbs and Towns

Thriving and liveable communities rely on well-designed buildings and public spaces and the provision of appropriate services and facilities within accessible reach.

Possible State-led actions

Spatial plan and settlement typologies – clear framework to show how places will grow over time

A clear framework is required particularly for regional Victoria, to foster population growth in appropriate locations, supported by services, facilities and employment opportunities. This will require a new way of thinking as the plan has now been expanded to include the whole of Victoria.

70/30 – split between infill and growth areas

The draft Housing Targets include the aspiration of 70% of dwellings to be constructed in established areas and 30 % in growth areas. The draft targets include significant housing construction in growth areas which is contrary to this aspiration. The 70/30 split does not seem to have been tested to see whether this aspiration can indeed be achieved.

Developer contributions – a simpler and fairer system for State and local infrastructure

The provision of infrastructure is a key component to delivering the urban environment Victoria expect and have been promised.

Despite many reviews highlighting the issues with development contributions and infrastructure funding in established urban areas, there is no appropriate development contribution or other mechanism to assist in funding the infrastructure needed. This issues needs to be addressed as a matter of urgency.

4. Sustainable Environments and Climate Action

A key characteristic of the City of Monash is its Garden City Character which is highly valued by current residents and sought after by prospective residents. Canopy tree coverage and generous setbacks are major contributors to this character. Over the past few years, Council has prepared planning scheme amendments to improve vegetation controls however the Minister for Planning has refused authorisation to undertake the planning scheme amendment.

Monash Council was also keen to be involved in the DTP's pilot program testing proposed new cooling and greening planning provisions but this project is currently on hold.

Despite our best efforts, to date there has not been a consistent approach or support for addressing climate action impacts and Monash Council would welcome such initiatives.

Possible State-led actions

Climate hazards – introduce climate hazard layers in planning schemes

It is unclear what this potential action relates to and what the 'climate hazard' layers would be for.

Environmentally Sustainable Development – statewide approach to improve the quality of development

Monash is one of many Councils that has been advocating for statewide ESD provisions for a number of years. It is disappointing that this initiative, which was one of the many Plan Melbourne actions not realized, has not been progressed further.

Monash would support the introduction of improved statewide ESD policy and standards as part of a suite of actions that recognize the impacts of climate change on the quality of life. This should be a high priority for government.

Open space – introduce a minimum standard for open space provision

Open space provision is important infrastructure for healthy and productive communities. Individually and over a number of years, many Councils have been forced to undertake expensive strategy work and planning scheme amendments to seek to put in place a more adequate contributions system to assist in funding additional open space for future residents. This has resulted in varied and inconsistent open space contributions requirements across Melbourne, for an infrastructure item that should be a standard requirement.

There has been little guidance or assistance for Councils in this task, and a standardized approach with a minimum standard would be a good starting point.

Tree canopy – targets for tree canopy cover with consistent state-wide monitoring

Monash Council is supportive of efforts to increase tree canopy cover for cooling and greening of the environment, garden city character and climate change impact mitigation.

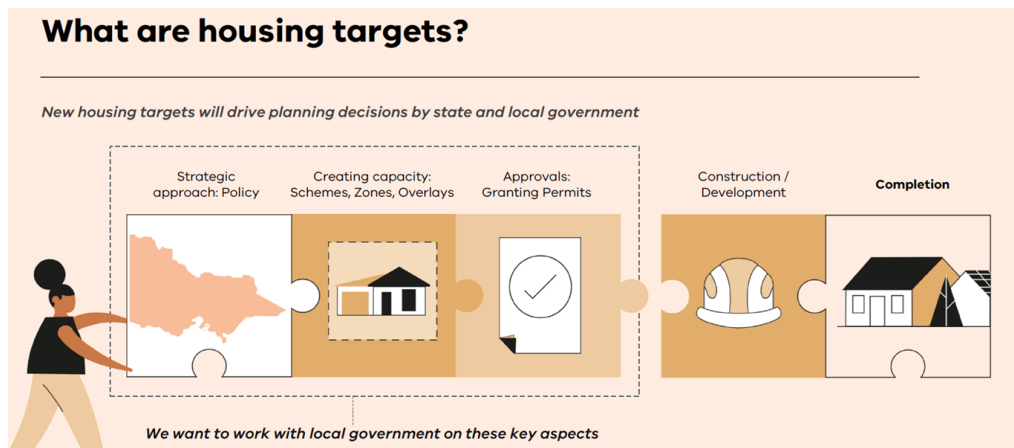
However, Council notes that this is an uncompleted action from Plan Melbourne and that even where Council has sought to take action to address this issue it has been unsuccessful in gaining support from the State.

Housing Targets

General Comments

The draft Housing Targets identify the need to build 2.24 million new dwellings in Victoria between now and 2051. The draft Housing Targets then apportion part of these 2.24 million new dwellings across each municipality.

The aim of the housing targets is to “drive planning decisions by state and local government.” The States housing target model is set out in Image 3 below.



Each municipality in Victoria has been assigned a draft housing target identifying the number of new homes to be built between now and 2051 in their municipality. The aim of the housing targets is to deliver more homes near transport and jobs and to develop ‘smarter and more sustainable’ neighbourhoods. The

The housing target for Monash is to provide an additional 72,000 dwellings by 2051, this is almost double the current number of dwellings within the municipality.

Comments and key concerns

The Housing Targets are based on current population forecasts out to 2051 and then apportion that dwelling number across municipalities.

It is noted that the Housing Targets are a standalone response to broader challenges of forecast population growth and are set in the absence of any national or state based settlement and population policy framework.

The City of Monash currently has approximately 78,300 dwellings. The target for Monash of 72,000 dwellings by 2051 equates to an increase of 92% and an average of 2,571 dwellings per year (about 2.5 times the number that is currently being constructed annually). This would result in a total of 150,300 dwellings by 2051 with an estimated future population exceeding 350,000.

Historically the number of new (net) dwellings constructed in Monash has been around 900 to 1,000. To achieve the Housing Target would require about 2.5 times the number of new dwellings that are currently being constructed annually.

This would result in a total of 150,300 dwellings by 2051 with an estimated future population exceeding 350,000 residents.

Forecast.id has a projected dwelling growth rate for Monash of up to 1.27% per annum between 2021 and 2041, reflecting existing construction trends, with a projected dwelling number of 94,627 by 2041. Assuming these trends continue, Monash would be home to around 104,000 dwellings by 2051 which is 46,300 dwellings less than the target proposed by the State Government.

In Monash's case the impact of the Suburban Rail Loop (SRL) also needs to be considered. Whilst the SRLA have estimated population growth at the three proposed stations in Monash, these figures are projections to 2056, and are based on population growth and do not include projected dwelling numbers. Until the mix and tenure of proposed additional housing is known, it is difficult to know what the projected number may be and what impact this will have on the draft housing targets.

Delivery of housing – planning scheme opportunities and constructed houses

An underlying premise of the State government's Housing Targets is that Councils and the planning system have unreasonably or deliberately constrained the supply of housing in established urban areas, and that the simple solution to this is to set targets and change the planning controls.

In announcing the Housing Targets, the State government framed the release of municipal housing targets as giving, "*Councils the first shot at unlocking space for more homes*".

Whilst this may seem straight forward on the face of it, it is a gross oversimplification of the issue and the least challenging aspect of delivering new homes.

Councils planning schemes use planning controls provided by and approved by the State government.

The rolling series of reforms to planning controls since local government amalgamations in 1994 and the introduction of new zones have provided for significant redevelopment opportunities in all residential and commercial zones in metropolitan Melbourne. These controls currently provide for significant redevelopment opportunities and housing capacity.

For example, the current General Residential zone allows for apartment buildings up to 3 storeys. Such a development on conventional suburban block would deliver around 8 or 9 dwellings. Although these developments are possible throughout most of metropolitan Melbourne the development industry does not provide them.

In the case of Monash, the Monash Housing Strategy 2014, activity centre structure plans and the Monash Planning scheme provide for significant dwelling increases, through increased density and height, in and around activity centres and throughout conventional residential areas.

In our submission to the precinct planning for the Suburban Rail Loop, Council noted that the SRLA was basing heights on what was currently being constructed, rather than opportunities created by the SRL. This is a missed opportunity for increased dwelling provision in prime urban locations.

How are the Housing Targets developed?

The draft Housing Targets do not include data on how the housing targets were developed, and consequently, whether they are possible under existing planning controls.

Based on the current structure of the Monash Planning Scheme it is likely that the housing Target for Monash is possible. However, housing capacity provided for by the planning scheme and dwelling delivery and construction are two distinctly separate things.

The Housing Targets do not include a reference to or acknowledge the important real world factors that actually deliver new housing. Ultimately, Councils can only approve the development applications that are lodged.

Financial implications

The financial implications of the Housing Targets are significant as it effectively predicts a doubling of the population of Monash.

The pressure on the existing financial status of Councils, local infrastructure and the demand to provide new infrastructure, public open space and community facilities to service the new population envisaged by the targets will place an enormous burden on Council, particularly in the current rate-capped environment.

State policy at all levels consistently suggests that Councils have alternative revenue streams such as fees and charges, land sales and other development opportunities that can assist in the delivery of Council services. The reality is that these opportunities are few and far between, where they do exist, such as land sales or joint projects with Housing Associations, Councils are penalised through other State regulations such as Windfall Gains Tax and Land Tax.

In the case of Windfall Gains Tax, the current form of exemptions in the Windfall Gains Tax are inequitable, as they exempt Universities and charities but not Councils.

This has broader negative financial and policy impacts for State and local policy in areas of social and affordable housing, as any Council owned land made available for social housing would need to be rezoned and therefore create a WGT liability for Council or the housing association.

Exempting Councils from Windfall Gains Tax liability would provide a minor but not insignificant financial benefit to Councils in specific circumstances and assist in meeting the demands of growing populations.

From Housing Targets to houses built

The Housing Target does not reference or acknowledge the issues and barriers to the delivery of new dwellings beyond the role of the planning scheme. In particular the Housing Target material does not review or address:

Challenges

- the target is an effective doubling of the population of metropolitan Melbourne
- the inherent conflict in the Housing Target and the pillars of Plan Victoria
- local government does not physically deliver housing
- how sites in established urban areas will cater for the density increase required
- the range of infrastructure needed to support these housing targets in established areas

- how will infrastructure be delivered and who will pay?
- how the State will deliver schools, hospitals, emergency services and transport capacity in these areas in a manner consistent with the pillars of Plan Victoria.

Planning settings

- why the development industry is not taking full advantage of the dwelling capacity of current planning controls, including 3 storey apartments in residential areas and taller apartments in residential areas of approved activity centres such as Clayton, Oakleigh and Glen Waverley
- why has the development industry not taken up the State government Future Homes program
- how land in private ownership will be brought to market as sites for new development

Economics of dwelling construction

- how the construction industry will deliver 2.5 times the number of dwellings currently being delivered across Victoria
- access to and the cost of land as the main component in housing construction
- cost and sourcing of construction materials
- what changes will be required to construction techniques and dwelling typology
- how the development industry competes for sites with owner occupiers and other lower yield forms of land use

Conclusion

Achieving the targets will require significant and lasting State and Federal Government intervention in order to be successful. This may, require Federal investment in infrastructure, changes to taxation and investment settings, new development contributions and the lifting of rate caps for LGAs to be able to fund the physical infrastructure that will be needed to support large increases in future population.

There are serious concerns about the Draft Housing Targets, how they will be monitored and enforced by the State government and the role that Councils play in the achievement of these targets. Particularly as Councils role in delivery is effectively limited to assessing applications that are lodged by the private sector development industry and applications vary based on broader economic factors.

Finally, as a target, there is no detail provided on how the targets will be tracked or what the implications are for Council if targets are not met.

Media Release

Hon Jacinta Allan MP
Premier



Sunday, 16 June 2024

COUNCILS GET FIRST SHOT AT UNLOCKING SPACE FOR MORE HOMES

Victoria's councils will have the first chance to show where and how they can unlock space for new homes over the coming decades, with the Allan Labor Government kicking off the next stage of local government consultation on draft housing capacity targets tailored for every local government area (LGA) in the state.

Premier Jacinta Allan and Minister for Planning Sonya Kilkenny joined City of Kingston Mayor Jenna Davey-Burns to announce the draft targets for each LGA – with final targets released by the end of this year.

Victoria has the largest annual population growth of all Australian states, and it needs more than two million additional homes by the 2050s. But where these homes go matters.

More homes are needed in established suburbs – close to jobs, transport, education, and services – to give more young people the chance to live near where they grew up, and to reduce future growth pressure on families in Melbourne's booming outer suburbs. That's where the targets come in.

The draft council housing targets are largely based on access to the jobs, transport and services Victorians need.

By 2051, the well-connected Boroondara LGA is proposed to accommodate 67,000 new homes – which would represent a significant increase in new dwelling approvals against its recent average. The Kingston LGA is proposed to accommodate 59,000 new homes – contributing to a pattern of growth along the Suburban Rail Loop corridor.

By reaching their targets, many council areas across inner and middle Melbourne would double their number of new dwellings every year – helping deliver the *Housing Statement* goal of 70 per cent of new homes going in established areas and 30 per cent in outer-suburban growth areas.

In regional cities and rural areas, the targets will also help deliver more new homes in cities and towns to boost key worker and affordable housing. The City of Greater Geelong is proposed to accommodate 139,800 new homes by 2051.

Victoria's councils have the powers to unlock space for more homes by proposing changes to local planning rules. The Government will consult closely with councils to harness their local knowledge, with councils to report back on the draft target and the local changes they propose.

While the Labor Government has invested billions of dollars in level crossing removals, public transport upgrades, new schools and hospitals – and is getting on with the Suburban Rail Loop – it also wants to hear from councils about the continued infrastructure support that communities need to grow sustainably.

The targets were outlined in the landmark *Housing Statement* and are the next stage of the discussion Government is having with Victorians as part of the new plan for Victoria – a long-term vision for Victoria's next 30 years.

The draft targets for each local government area can be found at engage.vic.gov.au/project/shape-our-victoria/page/housing-targets-2051.

Quote attributable to Premier Jacinta Allan

"To give industry the confidence they need to get on and build, we need Government and all councils working towards the same goal: more homes for Victorians – in the right places."

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Quote attributable to Minister for Planning Sonya Kilkenny

“We want to work in partnership with councils to build more homes in the areas where people want to live – close to the people they love and the things they love to do.”

Quote attributable to Member for Southern Metropolitan Region Ryan Batchelor

“Record investment in infrastructure, including the level crossings at Charman Road and Park Road make Cheltenham the ideal location to build more homes, giving residents access to jobs, services and world class transport.”

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