



# **Victorian Government Draft Housing Targets**

City of Melbourne Submission

September 2024

## Introduction

Melbourne is Australia's fastest growing city and the City of Melbourne is experiencing some of the highest growth across all municipalities in Victoria. To accommodate more people living in our city we need more housing that meets a range of household needs. This housing must be accessible to more Victorians, including key workers, low income households, older adults, first-home buyers, young families and vulnerable communities.

The City of Melbourne welcomes the establishment of housing targets, and notes that this complements the existing work of councils, who actively plan for, encourage, and accommodate housing growth.

In the context of the targets, it is important to note that the housing challenges in Victoria are complex, growing, and decades in the making. They require a sophisticated and far-reaching response, from all tiers of government. There is no single solution, and some solutions will not be popular. Plan for Victoria and the statewide housing targets, as well as the concurrent review of the *Planning and Environment Act 1987*, and the Federal Government's National Urban Policy and forthcoming National Housing and Homelessness Plan, present a unique opportunity to address these challenges. We welcome the Victorian and Federal Government's concerted efforts to respond to the housing crisis.

In releasing *Victoria's Housing Statement – the decade ahead 2024-2034*<sup>1</sup> the Victorian Government set an ambitious target of delivering 2.24 million new homes by 2051. The recent Victorian Government announcement of statewide draft housing targets provides each of Victoria's 79 Council's with an indicative target for where these homes are to be built over the next 26 years to 2051. City of Melbourne's draft housing target is for an additional 134,000 homes, a 122 percent increase on existing homes.

As a capital city, our municipality serves as a major economic driver for the state, providing significant access to transport, jobs and activities and much of the state's premier cultural, community and sports infrastructure. The City of Melbourne is well positioned to play a central role in accommodating significant population growth. We have the highest rate of housing growth of developed suburbs in metropolitan Melbourne and we are home to three significant urban renewal precincts, enabling considerable housing supply.

This submission provides feedback on the Victorian Government's statewide draft housing targets. Our feedback is focused on eight themes with a set of recommendations to further strengthen and refine the development and delivery of a housing target as detailed in **Table 1**.

While this submission focuses specifically on the draft statewide housing target, it should be received in the context of our recent submissions and recommendations, including our submission:

- to the Australian Government's draft National Urban Policy (refer Appendix C)
- to the Australian Government's National Housing and Homelessness Plan (refer Appendix D)
- to the Victorian Government's development of a new Plan for Victoria (refer Appendix E)

We welcome the opportunity to work alongside the Victorian Government in responding to one of the clearest challenges facing us today – providing quality and diverse housing for everybody, now and into the future.

**Table 1** City of Melbourne submission recommendations

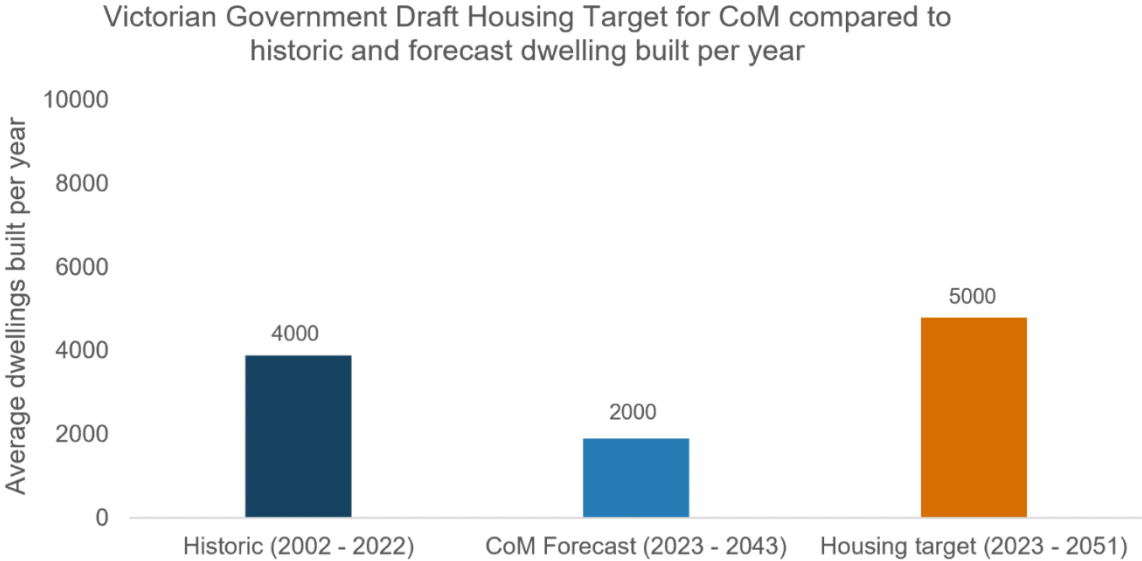
<b>Theme</b>	<b>Recommendations</b>
1. Feasibility of draft housing targets	<ol style="list-style-type: none"><li>1. Victorian Government provides further information on how the draft housing targets were developed to better understand how they relate to our future population and housing forecasts and share this publicly.</li><li>2. Victorian Government provides councils with a breakdown of the target by year and by each local area and precinct, if available.</li></ol>
2. Council's role in housing supply	<ol style="list-style-type: none"><li>3. That statewide draft housing targets are a measure of capacity not a threshold of planning approvals or housing delivered, noting that local government cannot compel delivery of housing</li><li>4. The Victorian Government, in partnership with other levels of Government, investigate opportunities to review and reform tax and regulatory structures to address housing inequity and stimulate new development.</li></ol>
3. Accommodating growth within the City of Melbourne	<ol style="list-style-type: none"><li>5. Victorian Government works with the City of Melbourne to refine the capacity target based on strategic planning and capacity across the change types and local areas identified by the City of Melbourne.</li><li>6. Victorian Government confirms whether the potential urban renewal areas of Maribyrnong Waterfront, E-Gate and Dynon are included in the draft housing target, noting this may affect the suitability of the target.</li><li>7. Victorian Government considers how the retrofit of existing buildings can be incorporated into the housing targets, noting City of Melbourne's unique land use mix and housing constraints.</li></ol>
4. Homes in liveable, high amenity neighbourhoods	<ol style="list-style-type: none"><li>8. Victorian Government incorporates land set aside for open space, community and transport infrastructure in determining statewide housing targets.</li><li>9. Victorian Government works with local government to reform funding and financing mechanisms to ensure infrastructure can support the significant rate of development within our municipality and maintain our high-quality and high-amenity neighbourhoods and central city.</li><li>10. Victorian Government supports local government in the timely consideration and progression of development contributions planning and controls to ensure new development contributes to the renewal and delivery of infrastructure that is required to support increased population growth.</li></ol>
5. Safeguarding our role as a capital city	<ol style="list-style-type: none"><li>11. Victorian Government provides further information on how non-residential capacity within the central city, Parkville NEIC and urban renewal areas has been factored into the housing targets, noting that an increase in residential uses must be balanced by an increase in non-residential uses.</li><li>12. Victorian Government incorporates capacity set aside for non-residential floor space that maintains the economic and cultural function of the central city in determining housing targets.</li></ol>

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| 6. Affordable housing, diversity and quality | <ul style="list-style-type: none"><li>13. Victorian Government introduces an affordable housing target as part of the statewide housing targets, in consultation with local government.</li><li>14. Victorian Government introduces mandatory affordable housing contributions as part of the Victoria Planning Provisions and as an interim, support Councils that seek to apply mandatory controls for affordable housing contributions.</li><li>15. Victorian Government shares assumptions that have informed statewide housing targets, including household size, dwelling size and typology.</li><li>16. Statewide housing targets are supported with robust policy recognising the importance and need for housing diversity and quality, and affordable housing.</li></ul> |
| <hr/>  |  |
| 7. Victorian Government leadership           | <ul style="list-style-type: none"><li>17. Identify and establish funding and delivery pathways for all infrastructure required to support the development of our urban renewal areas, including drainage, public transport and other enabling infrastructure to unlock housing capacity.</li><li>18. Prepare a metropolitan-scale strategic plan alongside Plan for Victoria that responds to the interconnected complexities of housing, transport, the environment and land use within the metropolitan region.</li><li>19. Provide timely advice and processing of planning scheme amendments to support strategic planning.</li><li>20. Victorian Government implements and manages statewide monitoring and review of targets.</li></ul>                                      |
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| 8. Urban modelling                           | <ul style="list-style-type: none"><li>21. Provide further detail on the proposed methodology and data, including how the capacity discount is applied, to support a more detailed review by City of Melbourne.</li><li>22. Engage closely with the City of Melbourne in refining the capacity modelling approach.</li><li>23. City of Melbourne's draft City Spatial Plan change areas are incorporated into modelling for more accurate calculations that reflect the City of Melbourne's unique development context.</li></ul>   |
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# Theme 1: Feasibility of draft housing targets

In 2023, there were 110,100 homes in the City of Melbourne. The Victorian Government housing target of an additional 134,000 new homes in our municipality by 2051 is an increase of 122 percent on top of our current housing stock.

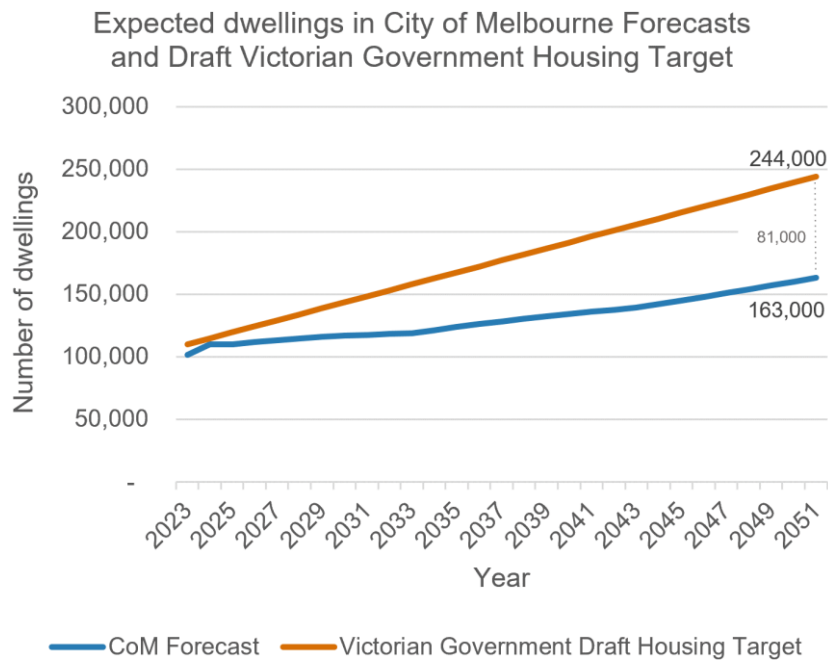
Historic trends show that over the past two decades (2002-2022) an average of 4000 homes were built in our municipality, per year. Our population forecast to 2043 anticipates an increase in household size to accommodate a growing share of family and couple households in the municipality. This means that there are likely to be fewer dwellings accommodating the same number of people, with a forecast average of 2100 homes built per year from 2021 to 2041.



**Figure 1** Victorian Government annualised draft housing target for City of Melbourne compared to historic and forecast trends (City of Melbourne Census of Land Use and Employment (CLUE) 2022, City of Melbourne Forecasts 2024, Victorian Government Draft Housing Targets 2024)

The target set by the Victorian Government would require an unprecedented 5000 additional houses to be built per year for the next 26 years. To put this in perspective, Kensington has 5500 homes. Delivery of the housing targets would require a scale of development akin to a new suburb every year for the next 26 years.

Extrapolating City of Melbourne housing forecast data, we are likely to need an additional 52,900 homes by 2051 to accommodate future population growth. The target set by the Victorian Government requires an additional 81,000 homes beyond the expected demand. While we understand that the targets have been set above forecast growth to realise greater capacity within our municipality, to date there has been insufficient information on how the measure of additional capacity was calculated in establishing the target and where the capacity is expected to be delivered.



**Figure 2** Expected dwellings in the City of Melbourne forecasts and Victorian Government statewide draft housing targets (City of Melbourne analysis of City of Melbourne Forecasts 2024 and Victorian Government Draft Housing Targets 2024)

**Recommendations**

1. Victorian Government provides further information on how the statewide draft housing targets were developed to better understand how they relate to our future population and housing forecasts and share this publicly.
2. Victorian Government provides councils with a breakdown of the target by year and by each local area and precinct, if available.

## Theme 2: City of Melbourne's role in housing supply

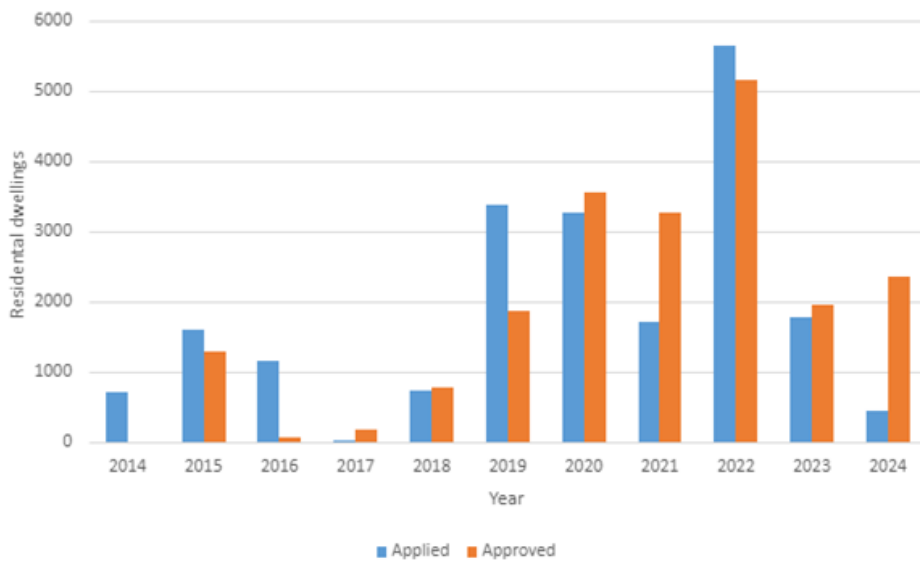
There is a lack of clarity on whether the statewide draft housing targets relate to approvals, housing capacity of existing or future zones and development controls, or a target for housing to be delivered by 2051. Setting a target as a statutory delivery mechanism presents multiple issues, including that local government cannot control the number of applications lodged nor can it compel the industry to act on existing approvals.

The establishment of a housing target (or the subsequent granting of a permit) does not equate to dwelling supply. Other factors must also support the delivery of development at a particular point in time, most notably, market conditions. Other factors influencing the supply of housing include supply chains, construction costs, labour supply, levies and charges, and financial settings (refer **Appendix A**). The statewide housing targets must acknowledge these broader influences and be supported by other actions, coordinated across government, to respond appropriately to the housing crisis. The following recommendations from our recent submission on the Housing and Homelessness Plan (refer Section 1.4 of the submission) and our recent submission on the National Urban Policy (refer Theme 4 of the submission) present opportunities to review and reform tax and regulatory structures to address housing inequity and stimulate new development:

- Review and reform tax and regulatory structures to address housing inequity. The holistic review and reforms should seek to:
  - Reduce land and housing speculation and redistribute tax incentives to improve the supply of quality housing for owner-occupiers.
  - Increase diversity in the housing market by encouraging a range of public, not-for-profit and other alternative delivery models.
  - Consider and evaluate options to encourage institutional investment (e.g. superannuation) in affordable housing.
- Establish a definition of Build to Rent housing or encourage the establishment of such a definition by state governments to link the land use and this housing delivery model with appropriate public policy and regulation.
- Address the impact of the Short Term Rental Accommodation sector, including by enabling local governments to introduce regulations that respond to unique STRA operating environments in their local communities.

In addition, the Victorian Government has introduced the vacant residential land tax (VRLT) and has recently made changes that strengthen reporting obligations and penalties for those that do not declare their vacant dwellings. These changes could be further strengthened through proactive enforcement activities to ensure that dwellings are being used.

Since 2015, the City's Development Activity Monitor (DAM) has tracked the completion of over 41,000 dwellings (more than 4000 dwellings built per year). Currently, there are more than 16,000 residential dwellings granted a permit that have not yet commenced construction. **Figure 3** shows the year in which these permitted dwellings were applied and approved. While most of these approved dwellings entered the system from 2019, some permitted dwellings were originally submitted a decade ago. This illustrates that delivery constraints exist outside of local government control.



**Figure 3** Residential dwellings with a permit, construction not started by year applied and approved (City of Melbourne Development Activity Monitor June 2024)

This reinforces that housing targets should be expressed as a measure of housing ‘capacity’ and not housing delivery. The terminology and description of the statewide housing targets needs to be updated to provide clarity and certainty for our community and organisations as we plan for significant growth. We have assumed hereafter that the Victorian Government’s draft housing target of 134,000 additional homes in the City of Melbourne by 2051 refers to capacity not delivery.

### Recommendations

3. That statewide draft housing targets are a measure of capacity not a threshold of planning approvals or housing delivered, noting that local government cannot compel delivery of housing.
4. The Victorian Government, in partnership with other levels of Government, investigate opportunities to review and reform tax and regulatory structures to address housing inequity and stimulate new development.

# Theme 3: Accommodating growth within the City of Melbourne



**LEGEND**

	City of Melbourne		Hoddle Grid		Transitioning
	Port of Melbourne		Evolving		Established
			Existing Renewal		Special Areas
			Potential Renewal		

**Figure 4** Change areas defined in the City of Melbourne’s draft City Spatial Plan

Housing is essential infrastructure and a human right. We embrace the central role our municipality will play in enabling more housing choice. The City of Melbourne’s draft City Spatial Plan and Municipal Planning Strategy (Amendment C432), currently on exhibition, recognise that while the rate and scale of transformation will be different, all areas within our municipality will have a part to play in accommodating more homes. The challenge is enabling the city to grow in a way that maintains and reinforces our liveability, character, resilience and prosperity, while facilitating ambitious energy and waste reduction as well as housing diversity and affordability and quality. The change areas (**Error! R**

**reference source not found. Figure 4)** establish an understanding of how each of our local areas will experience growth and change to accommodate new homes, now and into the future.

The change types defined in the draft City Spatial Plan signal where the most intervention in planning and land use controls is required to support and guide growth in our neighbourhoods:

- The existing renewal precincts of Arden, Macaulay and Fishermans Bend will experience the greatest level of transformation in the municipality, reflected in their ongoing strategic planning:
  - The Arden Structure Plan was approved in July 2022. New planning controls were gazetted into the Melbourne Planning Scheme via Amendment C407. These controls enable the transformation of the precinct, with the precinct planned to be home to 34,000 jobs and 14,000 residents. The Victorian Government's release of the Housing Statement in September 2023 updated the population targets for Arden, which now seeks to be home to 20,000 people.
  - The Macaulay Precinct will continue its transformation from a historically industrial area to a vibrant mixed-use, mid-rise precinct for people to work, live and play. The vision for Macaulay is established in the Macaulay Structure Plan 2021. The primary implementation pathway for the land use and built form controls is Amendment C417. The City of Melbourne recently received conditional authorisation to prepare the amendment, with public exhibition of the proposed controls occurring in August 2024.
  - The City of Melbourne continues to work with the state to develop a pathway for the transformation of Fishermans Bend, including the mixed-use Lorimer Precinct as well as the National Employment and Innovation Cluster (NEIC). City of Melbourne is also a submitter to Amendment GC224 Fishermans Bend Urban Renewal Area Development Contributions Plan (Lorimer Precinct), which seeks to support the renewal of the precinct.
- The Maribyrnong Waterfront, E-Gate and Dynon represent vast growth potential including employment and industry and important community and environmental infrastructure needs. However, the type and intensity of uses that can be accommodated is not yet known and may be constrained by flooding and contamination issues. Understanding the potential of these renewal precincts to accommodate housing requires significant technical assessment and strategic planning to be undertaken.
- The central city, comprising Hoddle Grid, Docklands and Southbank, will continue to accommodate a significant portion of housing in the municipality through infill development, intensification of uses and redevelopment of sites. Capacity in these areas will slow over time as the number of undeveloped sites diminishes. The 2016 Central City Built Form Review introduced changes to planning controls that guide built form and development in the central city. The updated controls introduced through Amendment C270 support continued growth and adaptation in the central city while delivering greater public benefit such as public open space, laneways, community space and affordable housing.
- For the transitioning neighbourhoods of City North and West Melbourne, ongoing strategic planning is supporting the incremental infill and change of the areas towards a greater diversity of uses and activity, including denser built form that respects and retains existing character. Amendment C385 introduced new planning controls to the Melbourne Planning Scheme in May 2022 to guide West Melbourne's transition. -As part of the Parkville NEIC, strategic planning for City North is focused on enabling the area to support the knowledge economy including research centres, bio-medical institutions and a large startup ecosystem. In this precinct there is a need to balance housing delivery with protecting the opportunity for employment and research land uses which are critical to enable growth of the internationally significant education and research functions.

- For the near future, a much smaller level of change and transformation is anticipated in our established neighbourhoods, however they will accommodate some development as the city changes. For most sites, properties and streetscapes, the identified heritage values, small lots and established neighbourhood character limit development potential. Any work to increase development capacity of these areas needs to address existing conditions, as well as community sentiment in ensuring some growth is facilitated to maintain accessibility and affordability of these areas, while the unique character that makes these areas valuable for businesses and residents is maintained. As such it is anticipated that established neighbourhoods are unlikely to deliver the bulk of the municipality's housing growth and will make a marginal contribution in comparison with urban renewal precincts. Unlocking further capacity in these areas, if required, may be contemplated through a review of policies, application of land use zones and development within activity centres, though this will need to follow a transparent and strategic planning process. Further information will be required from the Victorian Government to understand the underlying assumptions and breakdown of anticipated housing capacity by each local area and precinct.

Overall, the number of undeveloped sites in the municipality is dwindling, with only 700,000 m<sup>2</sup> of developable land still undeveloped across our municipality, including land not zoned for residential use. Building new homes cannot be the only response to the housing crisis. The City of Melbourne with a significant existing building stock must support housing capacity through retrofitting and adaptation while also reducing carbon through material reuse and renewal of existing built form. There are approximately 255 buildings within the central city identified as predominantly unoccupied or unused (CLUE 2022). Through building retrofits in the City of Melbourne alone, there is the potential to provide an additional 10,000 new homes through retrofits in the central city as well as adding over \$2.7 billion to the Victorian economy by 2040, with 12,000 jobs and a yearly reduction in energy costs of over \$184 million<sup>1</sup>.

## **Recommendations**

5. Victorian Government works with the City of Melbourne to refine the capacity target based on strategic planning and capacity across the change types and local areas identified by the City of Melbourne.
6. Victorian Government confirms whether the potential urban renewal areas of Maribyrnong Waterfront, E-Gate and Dynon are included in the draft housing target, noting this may affect the suitability of the target.
7. Victorian Government considers how retrofit of existing buildings can be incorporated into the housing targets, noting City of Melbourne's unique land use mix and housing constraints.

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<sup>1</sup> Point Advisory (2022) Commissioned model for the City of Melbourne on retrofit rate, investment, jobs and economic contribution. Unpublished.

## Theme 4: Homes in liveable, high amenity neighbourhoods

The amount of housing supply is a single measure. In isolation it will not adequately address the crisis in front of us. Increased housing supply, particularly in higher density environments, must be accompanied by allocating space for new and expanded public open space, active, sustainable and accessible transport, and integrated water management. Social infrastructure that supports community wellbeing, sustainability and resilience, must be provided early to ensure the places where people choose to live, work and play meet their daily needs and remain highly liveable.

Housing capacity in the municipality must be considered alongside the need to deliver a diverse open space network across the City of Melbourne's open space hierarchy, with a need to address a shortfall in municipal and neighbourhood open spaces. Between 2012 and 2022, the amount of open space per resident in the City of Melbourne declined by 30 per cent, from 61 m<sup>2</sup> per person in 2012 to 42 m<sup>2</sup> per person in 2022 (ABS Estimated Resident Population 2022, CLUE 2022).

Meeting housing targets will place significant demand on already overburdened infrastructure and the environment. Funding and financing the scale of committed and future required infrastructure needs to keep pace with our municipality's population and visitation growth, reinforcing the need to partner with other levels of government and the private and community sectors.

Calculating the housing capacity of our neighbourhoods must include provision for land set aside as open space, for improved and expanded transport networks and for community and social facilities.

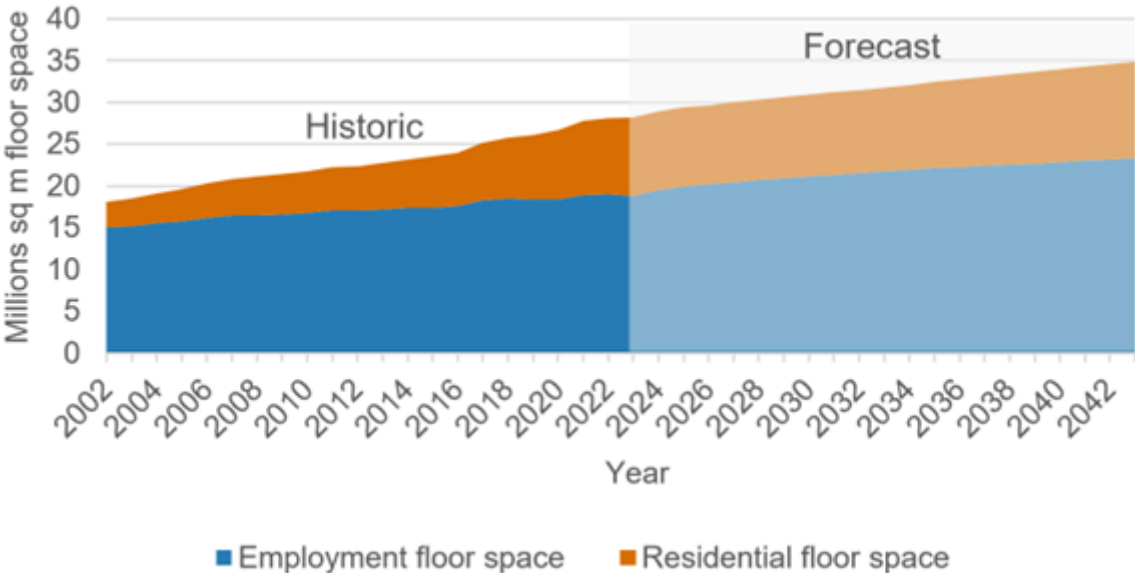
### Recommendations

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9. Victorian Government works with local government to reform funding and financing mechanisms to ensure infrastructure can support the significant rate of development within our municipality and maintain our high-quality and high-amenity neighbourhoods and central city.
10. Victorian Government supports local government in the timely consideration and progression of development contributions planning and controls to ensure new development contributes to the renewal and delivery of infrastructure that is required to support increased population growth.

# Theme 5: Safeguarding our role as a capital city

The City of Melbourne is the heart of the metropolis and the engine room of the state economy. The central city performs a pivotal role in job creation and is perfectly positioned to continue to grow as a global hub of innovation, knowledge and creativity. It is also home to the State’s premier arts, cultural and sports infrastructure and events, offering a diversity of experiences that attract investment, talent and drive tourism. Balancing a true mix of uses in the City of Melbourne is crucial to the state’s continuing economic, cultural and civic growth and sustainability.

Over the last two decades the City of Melbourne has undergone a significant and unprecedented transformation from primarily a place where people worked and did business to one where people live. Between 2002 and 2022 residential floor space tripled from around 3 million m<sup>2</sup> to 9 million m<sup>2</sup> (CLUE 2022). Over the same period, employment floor space grew by just 26 per cent, from 15 million m<sup>2</sup> to 19 million m<sup>2</sup>.



**Figure 5** Historic and forecast residential and employment floor space in the City of Melbourne (CLUE 2022 and City of Melbourne Forecasts 2024)

Housing capacity within the central city, the Parkville NEIC and urban renewal areas must be balanced with non-residential development to ensure we can continue our vital role as the state’s heart for jobs, education and opportunity.

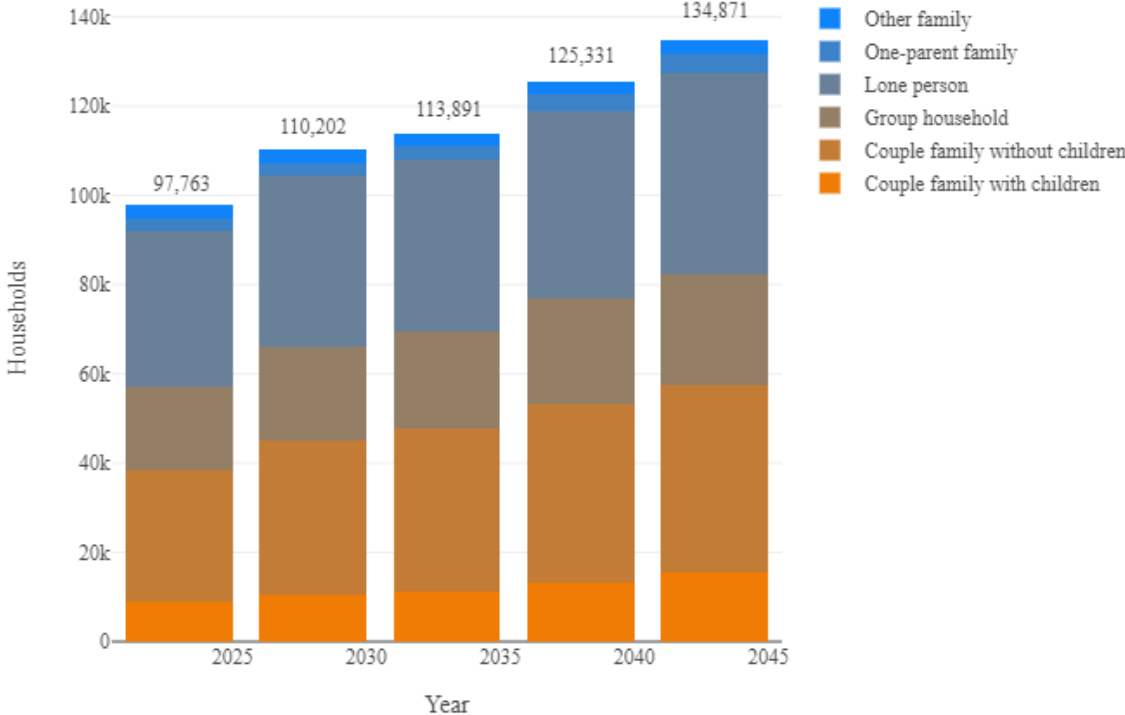
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11. Victorian Government provides further information on how non-residential capacity within the central city, Parkville NEIC and urban renewal areas has been factored into the housing targets, noting that an increase in residential uses must be balanced by an increase in non-residential uses.
12. Victorian Government incorporates capacity set aside for non-residential floor space that maintains the economic and cultural function of the central city in determining housing targets.

# Theme 6: Affordable housing, diversity and quality

A capacity target for new homes must be supported by a recognition of the importance of housing diversity and quality. A range of housing types and tenures are needed to support our diverse community and give people the choice to move through their life stages in place. The recognition of affordable housing as essential infrastructure and a review of planning controls and regulatory structures that address housing inequity are vital for an inclusive, diverse and prosperous city.

Housing must respond to the different ways that people live. Housing forecasts for the City of Melbourne anticipate average household sizes increasing into the future, reflecting the increasing share of family and couple households in the municipality. This means that there will need to be a greater proportion of larger (two to three bedroom) dwellings than has been previously delivered in the municipality. Fewer larger dwellings rather than a larger number of smaller dwellings will accommodate the same number of people in different housing configurations. It is unclear currently how demographics like household size have factored into the statewide housing targets and how they might influence appropriate targets.



**Figure 6** Forecast household structure in the City of Melbourne (City of Melbourne Forecasts 2024)

Increasing housing capacity (and supply) is important, but Plan for Victoria and the statewide housing targets must ensure that the supply of targeted, subsidised, affordable housing<sup>2</sup> is increased, in addition to general housing supply.

The Victorian Government has stated that the draft statewide housing targets account for ‘additional housing over and above projected levels, with the aim to change the balance of affordability through

<sup>2</sup> In this submission, we use the term “affordable housing” as per the definition in Victorian legislation, which includes social housing.

extra supply'. The rationale being that if more housing is built, supply will exceed demand, and result in increased housing affordability. Housing policy responses must be much more nuanced.

The housing crisis is not entirely caused by a limited housing supply, but a lack of affordable housing for households on very low to moderate incomes. This is evidenced by the continued increase in the demand for affordable housing, despite recent construction booms and the dramatic increase in the number of dwellings in Melbourne. Planning policy is not the primary barrier preventing the delivery of housing

Capacity targets must include a mechanism to secure the delivery of affordable housing. Government subsidies, affordable housing contribution requirements, and uplift or value sharing mechanisms are essential in delivering affordable housing. The minimum cost of land, construction and profit means that appropriate housing for very low to moderate income earners cannot be delivered by the market alone. Resolving the housing crisis requires addressing the shortfall of affordable housing, not marginal improvements in housing affordability.

The rate of development needed to meet capacity targets cannot come at the expense of quality housing and apartments. In 2022, apartments comprised 90 percent of all dwellings in the City of Melbourne. It is important that people living in all types of homes, including apartments, have a quality lifestyle with the services and spaces they require to meet their daily needs.

The City of Melbourne anticipates that the Plan for Victoria and any metropolitan strategic plan will provide the underpinning policy and strategy to ensure the housing target centres on the need for diverse and quality housing and affordable housing. More detail regarding our position on housing diversity and quality and affordable housing can be found in the City of Melbourne's comprehensive submission to the National Housing and Homelessness Plan.

## **Recommendations**

13. Victorian Government introduces an affordable housing target as part of the statewide housing targets, in consultation with local government.
14. Victorian Government introduces mandatory affordable housing contributions as part of the Victorian Planning Provisions and as an interim, support Councils that seek to apply mandatory controls for affordable housing contributions.
15. Victorian Government shares assumptions that have informed statewide housing targets, including household size, dwelling size and typology.
16. Statewide housing targets are supported with robust policy recognising the importance and need for housing diversity and quality, and affordable housing.

## Theme 7: Victorian Government leadership

We welcome the leadership by the Victorian Government in developing Plan for Victoria and the draft statewide housing targets, which provide an opportunity for coordinated and long-term planning across the state to address the housing crisis.

Our submission on the draft National Urban Policy recognised the role that Plan Melbourne plays in addressing the demands of urban development in metropolitan regions, where the complexities and unique spatial characteristics require an integrated approach. This is particularly relevant for addressing the housing crisis, where the statewide housing targets must be supported by consistent and aligned policy and coordination at a metropolitan scale to deliver enabling and catalytic infrastructure and respond to the increasingly complex challenges of housing inequality, infrastructure funding and responding to the climate crisis.

The City of Melbourne encompasses two of the seven Victorian Government-identified National Employment and Innovation Clusters, the central city and three significant urban renewal areas. These sites will form the backbone of delivering housing and jobs over the coming decades. However, their ability to do so is reliant on consistent and integrated policy and coordination across levels of government to identify and deliver the major infrastructure that will catalyse their development. In Fishermans Bend, this includes commitment to delivery of high-capacity public transport. Across our municipality and particularly our renewal precincts we must realise funding and governance to mitigate risk and ensure consistency in approaches to integrated water management.

Reviewing and amending local planning policy and controls is critical to ensuring the planning framework is guiding decision-making, land use and development activity in line with strategic objectives. Local government is reliant on the Victorian Government to provide clear, timely and consistent advice and processing of amendments. The timelier processing of amendments at all stages the planning scheme amendment process is critical for unlocking capacity within the City of Melbourne and ensuring that new development within our municipality is in accordance with the positions of our Council. A list of Planning Scheme Amendments is included at **Appendix B**.

Monitoring state-led actions, including the housing targets is critical to measure the success of initiatives in achieving the desired outcomes, including delivery of affordable housing, housing diversity and supply. This must be led by the Victorian Government and supported by consistent collection, analysis and sharing of data. Monitoring will support local governments to undertake strategic work as well as enable evaluation of progress and review of targets.

### Recommendations

17. Identify and establish funding and delivery pathways for all infrastructure required to support the development of our urban renewal areas, including drainage and flood mitigation, public transport and other enabling infrastructure to unlock housing capacity.
18. Prepare a metropolitan-scale strategic plan alongside Plan for Victoria that responds to the interconnected complexities of housing, transport, the environment and land use within the metropolitan region.
19. Provide timely advice and processing of planning scheme amendments to support strategic planning.
20. Victorian Government implements and manages statewide monitoring and review of targets.

## Theme 8: Urban modelling

We understand that the Victorian Government will be refining the capacity targets for each local government area through urban modelling to determine the capacity of existing controls. Based on the limited information provided, this section lists preliminary feedback on the proposed approach:

- The approach of using land use zones to determine capacity does not reflect the impact of diverse planning controls and outcomes within different areas of the municipality. City of Melbourne:
  - Recommends that the modelling use 'change area' categories designated in the City of Melbourne's draft City Spatial Plan (July 2022). The draft City Spatial Plan integrates spatial data and demographic projections to assess the potential for residential development and recommends 'change area' categories (refer **Figure 4** on page 9).
  - Recommends that the modelling excludes areas categorised in the draft City Spatial Plan as 'Special Areas', 'Urban Renewal Areas – Potential<sup>3</sup>' and the Fishermans Bend NEIC as they have no residential development potential, or there is insufficient information available to confirm the development potential of these areas for housing capacity.
- City of Melbourne generally does not support using the top five percent of largest projects within a planning zone to determine appropriate densities. The top five percent of largest projects within a planning zone may be delivering density that is not appropriate across the entirety of that land use zone, particularly where several schedules to the Design and Development Overlay (DDO) apply within one land use zone. We note that:
  - Several approvals within Melbourne are superseded by recently established DDOs, for example, Arden (2022), West Melbourne (2022), the Central City (2016) and Macaulay (2024 authorisation). Therefore, the top five percent of largest projects within these areas may no longer represent possible or desirable outcomes.
  - Existing and proposed built form controls, in particular DDOs, should be included in calculating capacity. Where DDO controls based on mandatory heights, mandatory or discretionary floor area ratios, or discretionary heights and built form controls apply, calculations should account for the effective impact to development potential.
- City of Melbourne generally supports removing land from the pool of developable lots where a constraint is likely to prohibit development. However:
  - The current designation of small lots as 'not developable' is not accurate for all areas within the City of Melbourne. Smaller lots (100-300m<sup>2</sup>) in the Hoddle Grid, Evolving Central City and Transitioning Neighbourhoods have achieved significant development enabled through building envelope controls.
  - The current designation of lots and properties listed on the Victorian Heritage Register (VHR) or the Victorian Heritage Inventory (VHI) as 'not developable' is not accurate for all areas within the City of Melbourne. In the Hoddle Grid, Evolving Central City, Transitioning Neighbourhoods and Existing Urban Renewable Areas, VHR and VHI properties are sometimes subject to development. This is influenced by the larger amount of heritage properties within this area which are sometimes amalgamated into larger development sites or exist on an otherwise unconstrained development site. It is recommended that a specifically tailored capacity discount is applied.
- City of Melbourne generally supports applying capacity discounts where land is affected by certain overlays, however Victorian Government must clarify how the capacity discount is applied as this

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<sup>3</sup>Excluding land already zoned Mixed-use within Maribyrnong Waterfront

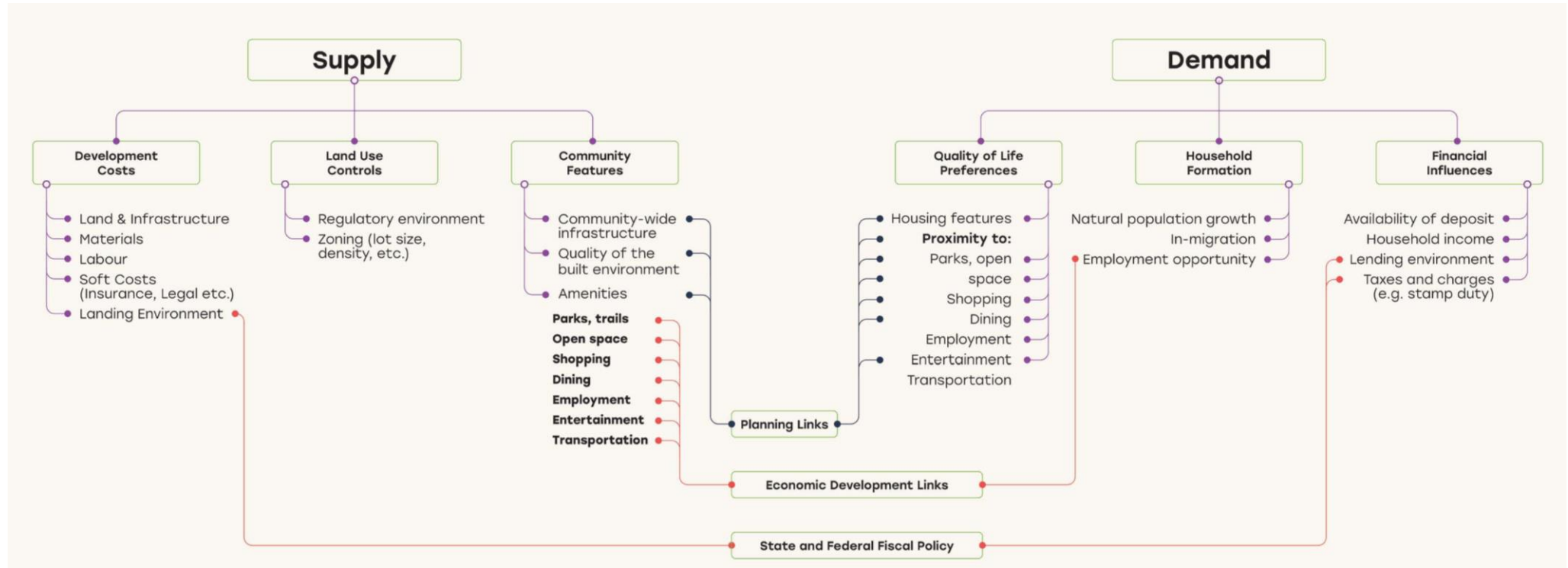
will have significant implications for both the appropriate methodology and the outcomes of the modelling. In addition:

- The current approach sets a capacity discount of 50 percent for properties subject to an Environmental Audit Overlay (EAO). Depending on how the capacity discount is applied, this does not reflect Council findings, where an EAO does not generally reduce development capacity on a site. This is subject to the level of potential contamination, which often does not impact development capacity so much as feasibility.
- The current approach sets a capacity discount of 50 percent for properties subject to a Heritage Overlay (HO). Land subject to a HO in Established areas is unlikely to be developed due to a combination of factors in addition to the HO such as land use zone, fragmented ownership, lot size and built form controls. Development capacity on land in other areas is not necessarily constrained by the application of a HO. In these areas, local policy facilitates development while limiting impacts on the prominence, character, and three-dimensionality of heritage properties.
- The current approach sets a capacity discount of 50 percent for properties subject to a Land Subject to Inundation Overlay (LSIO). Historically, within the City of Melbourne, properties within an LSIO are likely to be developed. This overlay applies specifically to Southbank and Arden areas which have experienced, and anticipate, significant ongoing growth. In addition, we note that Amendment C384 proposes to apply the LSIO to large parts of our Existing Urban Renewal Precincts. Capacity in these areas needs to address the assumption that the identified drainage and flood mitigation infrastructure is delivered and incorporates flood mitigation design techniques.

## **Recommendations**

21. Provide further detail on the proposed methodology and data, including how the capacity discount is applied, to support a more detailed review by City of Melbourne.
22. Engage closely with the City of Melbourne in refining the capacity modelling approach.
23. City of Melbourne's draft City Spatial Plan change areas are incorporated into modelling for more accurate calculations that reflect the City of Melbourne's unique development context.

# Appendix A: Factors influencing housing



The wider housing system (SGS Economics and Planning, National Housing Assistance Policy: Trends and Prospects, April 2023)

## Appendix B: City of Melbourne amendments awaiting decisions from the Minister for Planning in recent years

**Table B.1** List of amendments awaiting decisions from the Minister for Planning

<b>Amendment</b>	<b>Purpose</b>	<b>Status</b>	<b>Date submitted</b>
Gaming Policy – Amendment C366 (formerly C307)	To introduce a revised policy to ensure that electronic gaming machines are located and operated to minimise gaming-related harm.	Referred to the Minister for Planning for Approval	August 2019
Sunlight to Public Open Space – Amendment C415 (formerly C278)	To protect winter sunlight access to all parks across the municipality excluding the Central City and Southbank.	Referred to the Minister for Planning for Approval	September 2021
Carlton Heritage Review and Punt Road Oval – Amendment C405	To implement the recommendations of the Carlton Heritage Review November 2021 (Lovell Chen).	Referred to the Minister for Planning for Approval	June 2023
Miami Hotel Site West Melbourne Planning Scheme – Amendment C435	To apply the Specific Control Overlay (SCO) to facilitate the redevelopment of the site generally in accordance with development plans prepared by Hachem Architects, December 2021.	Referred to the Minister for Planning for Authorisation	July 2023
North Melbourne Heritage Review – Amendment C403	To implement the recommendations of the North Melbourne Heritage Review July 2022 (Lovell Chen).	Referred to the Minister for Planning for Approval	October 2023
Parkville Heritage Review – Amendment C444 (permanents)	To implement the recommendations of the Parkville Heritage Review March 2023 (GML Heritage)	Referred to the Minister for Planning for Authorisation	November 2023
South Yarra Heritage Review – Amendment C426	To implement the recommendations of the South Yarra Heritage Review August 2022 (GML Heritage).	Referred to the Minister for Planning for Approval	July 2024

**Table B.2** List of amendments recently approved by the Minister for Planning

<b>Amendment</b>	<b>Purpose</b>	<b>Date gazetted</b>
Heritage Policies Review – Amendment C258	To implement the findings of the Heritage Review 2016 and the West Melbourne Heritage Review	July 2020 (submitted March 2020)
Southbank Heritage Review – Amendment C305	To implement the recommendations of Southbank Heritage Review 2017, updated November 2020	April 2021 (submitted December 2020)
Central City and Southbank Urban Design – Amendment C308	To introduce new urban design-built form controls	September 2021 (submitted December 2019)
Melbourne Arts Precinct – Amendment C323	To encourage arts uses at lower storeys	December 2021 (submitted June 2020)
West Melbourne Structure Plan – Amendment C385 (formerly C309)	To implement the West Melbourne Structure Plan 2018	May 2022 (submitted 5 May 2020)
Public Park and Recreation Zone Anomalies – Amendment C380	To rezone Council owned public open space and land reserved for public open space purposes under the Crown Land (Reserves) Act 1978 to the Public Park and Recreation Zone	July 2022 (submitted December 2021)
Finalisation of the Heritage Places Inventory – Amendment C396	To convert the heritage gradings for properties not converted through Amendment C258	July 2022 (submitted 30 March 2022)
Hoddle Grid Heritage Review – Amendment C387	To implement the recommendations of the Hoddle Grid Heritage Review (GML and GJM, July 2020) (Updated March 2022)	September 2022 (submitted May 2022)
Fishermans Bend Heritage Review – Amendment C394	To implement the recommendations of the Fishermans Bend In-Depth Heritage Review and Stakeholder Engagement Summary Report (HLCD, 2022)	October 2022 (submitted June 2022)
Exceptional Tree Register – Amendment C379	To protect additional exceptional trees as listed in Council's Exceptional Tree Register.	February 2024 (submitted March 2023)

**Table B.3** List of amendments recently authorised by the Minister for Planning

<b>Amendment</b>	<b>Purpose</b>	<b>Date authorised</b>
200 Arden Street North Melbourne – Amendment C447	To rezone the site to a Mixed-Use Zone and apply a new DDO schedule to allow a range of building height	May 2024 (submitted April 2024)
Macaulay Urban Renewal – Amendment C417	To implement the land use and development objectives of the Macaulay Structure Plan 2021	May 2024 (submitted August 2022)
West Gate Service Stations Heritage Review – Amendment C463	To apply heritage protection to the service station canopies	June 2024 (submitted June 2024)
Municipal Planning Strategy – Amendment C432	To introduce a new Municipal Planning Strategy, and provide new policies for all local areas	July 2024 (submitted April 2023)

## Appendix C: City of Melbourne submission to the Australian Government's draft National Urban Policy



# Draft National Urban Policy

City of Melbourne Submission

24 July 2024

## Introduction

The City of Melbourne is encouraged by the Australian Government's re-engagement with the cities agenda and welcomes the opportunity to work across all levels of government to realise the goals and objectives set out in the National Urban Policy. If we get this right, the National Urban Policy will enable us to support the Australian community through this period of great transformation in our urban spaces and can play a key role in securing intergenerational equity, where our urban environments remain accessible, inclusive and sustainable for all.

Capital cities play an essential role in the social, environmental, cultural and economic life of our country. They perform a pivotal role in job creation and offer a diversity of experiences for residents, workers and visitors, building a sense of belonging, attracting investment and talent and driving tourism.

Cities are also an essential part of responding to the climate crisis, with urban areas accounting for approximately 70 per cent of global carbon emissions. This is especially relevant in the Australian context, with Australia being one of the most urbanised countries in the world. The impact of climate change will be acute, particularly in our capital cities which are extremely vulnerable to sea-level rise and extreme heat events.

The City of Melbourne is the heart of the metropolis and the engine room of the Victorian State economy. The municipality alone accounts for 23 percent of the Victorian Gross State Product, and, in the past decade contributed 34 per cent of Victoria's economic growth. It boasts a diversified economy and is home to a range of industry sectors with a high concentration of knowledge-intensive jobs. The City of Melbourne contains Victoria's premier cultural infrastructure, with a diversity of 24/7 uses, including the State's major art, cultural and sporting events, attracting visitors from across the state, the nation and the world.

As the municipality at the heart of Australia's fastest growing metropolis, the City of Melbourne is focused on preparing for the future. This means making decisions that respond and adapt to climate change, creatively using our public urban spaces to support a growing and diverse population and remaining an attractive place for innovation and investment.

We want to see Australian cities continue to be great places for all people, leveraging the opportunities in front of us and innovating, collaborating, and learning from each other, and the great cities of the world. We want to build on the current momentum of national efforts to address the key challenges affecting us all and offer our expertise as the layer of government closest to the community and responsible for municipal-level strategic planning to achieve this vision.

We welcome the use of the United Nations Sustainable Development Goals (SDGs) in the draft National Urban Policy. We bring your attention to the City of Melbourne's SDGs [Voluntary Local Review 2022](#)<sup>1</sup>, the first of its kind for any Australian city, as a data-rich insight into urban policy challenges and as an important example of cities benchmarking.

We welcome this opportunity to work across government to progress the cities agenda for the benefit of Melbourne and urban environments across Australia.

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<sup>1</sup> <https://www.melbourne.vic.gov.au/about-council/vision-goals/Pages/united-nations-sustainable-development-goals.aspx>

## Structure of submission

The City of Melbourne supports the five goals and six objectives of the draft National Urban Policy and the integrated approach that has been adopted in relation to articulating the objectives.

The City of Melbourne has identified the opportunity to further strengthen the draft National Urban Policy and has focused on four core themes which align with one or more of the objectives as detailed in the below table.

<b>City of Melbourne submission themes</b>	<b>National Urban Policy objectives alignment</b>
Theme 1: Cohesive governance for liveability and amenity	<p><b>Primary objective</b></p> <ul style="list-style-type: none"> <li>• No one and no place left behind</li> </ul> <p><b>Other alignment</b></p> <ul style="list-style-type: none"> <li>• Our urban areas are safe</li> <li>• Our urban areas promote productivity</li> </ul>
Theme 2: Capital cities, leadership and civic participation	<p><b>Primary objective</b></p> <ul style="list-style-type: none"> <li>• No one and no place left behind</li> </ul> <p><b>Other alignment</b></p> <ul style="list-style-type: none"> <li>• Our urban areas promote productivity</li> <li>• All people belong and are welcome</li> <li>• Our urban areas are sustainable</li> </ul>
Theme 3: Meeting our challenges through innovation	<p><b>Primary objective</b></p> <ul style="list-style-type: none"> <li>• Our urban areas are sustainable</li> </ul> <p><b>Other alignment</b></p> <ul style="list-style-type: none"> <li>• Our urban areas promote productivity</li> <li>• Our urban areas are safe</li> </ul>
Theme 4: Delivering high-quality housing for all	<p><b>Primary objective</b></p> <ul style="list-style-type: none"> <li>• No one and no place left behind</li> </ul> <p><b>Other alignment</b></p> <ul style="list-style-type: none"> <li>• All people belong and are welcome</li> <li>• Our urban environments and communities promote health and wellbeing</li> <li>• Our urban areas promote productivity</li> </ul>

# Theme 1: Cohesive governance for liveability and amenity

Delivering on the aspiration of high amenity, high liveability urban growth, with well-located homes, jobs and activities, requires alignment and cohesion across the three levels of government. This is especially critical for the delivery of nationally significant urban precincts. Two of the seven Victorian Government-identified National Employment and Innovation Clusters are in the City of Melbourne: Fishermans Bend and Parkville. To drive investment in these precincts, and realise major urban renewal opportunities, all levels of government will need to work together to prioritise the delivery of transport and other catalytic and enabling infrastructure.

Current governance arrangements are not adequately addressing the demands of urban development in metropolitan regions, where the complexities and unique spatial characteristics require an integrated approach. There is a need to distinguish and address the unique role of the central city, the middle ring suburbs and growth areas in delivering on the needs of the metropolis. Regional alliances, such as the Melbourne 9 (M9) comprising the nine inner metropolitan Melbourne councils, are currently collaborating and coordinating on state-wide policy in recognition of its unique and differentiated impact on the inner metropolitan region.

In developing its new Plan for Victoria, the Victorian Government does not currently propose to replace Plan Melbourne 2017 – 2050. As a result, there is a risk that the challenges of aligning policy objectives and addressing urban considerations are not sufficiently met. Major infrastructure projects, including those projects that require significant Commonwealth funding assistance, will rely on consistent and integrated policy across all levels of government, highlighting the need to plan at a metropolitan scale alongside a National Urban Policy and the Plan for Victoria.

In planning for metropolitan regions, the expertise of local government, as well as sector representatives including the Municipal Association of Victoria and the Planning Institute of Australia must be drawn upon. The City of Melbourne advocates for a National Urban Policy that considers governance arrangements that recognises the critical role of capital city councils and are tailored to each city and nationally significant precinct.

It is not possible for central cities to be planned for and supported at a Federal level if only represented by a State or Territory Minister, or by the Australian Local Government Association (ALGA): neither is an adequate conduit for the knowledge, or an appropriate representative for the democratic mandate, of the Capital City Councils.

## Recommendations

**[1] Metropolitan plans** – The National Urban Policy should express the view that Australia’s metropolitan areas each require integrated strategic plans to balance the interconnected complexities of housing, transport, the environment and the demands of large daily populations as centres for jobs, education, health and tourism. For those plans to be successful, they need to be co-designed with constituent councils and communities.

**[2] Minister for Cities** – The National Urban Policy should contemplate the return of a dedicated Minister for Cities, or other governance structure such as City Partnerships, that would be responsible for:

- The implementation of the National Urban Policy.

- Delivering the National Housing Accord (see Theme 4).
- Coordinating capital city collaboration (see Theme 2).
- Facilitating joined-up approaches to the planning of nationally significant precincts, including for the delivery of critical social, transport and climate resilient infrastructure.
- Providing Commonwealth funding for each of these as well as other city-shaping major projects.

**[3] Cities benchmarking** – The National Urban Policy should draw on the United Nations SDGs to inform and establish a framework to benchmark cities on core metrics to track progress on the Policy objectives, including:

- The level of funding and infrastructure investment provided to deliver on policy priorities.
- Reporting on progress towards compliance with key legislation, such as the *Disability Discrimination Act 1992 (Cth)*.

**[4] Financial sustainability and innovation** – The Commonwealth should expand existing and pursue new funding programs, including by:

- Implementing the 2022 election promise to support the “long-term financial sustainability of local government” through increases to grant allocations, including “fair increases” to Financial Assistance Grants.
- Ensuring federal funding requirements do not present a barrier for local government participation. For example, the misalignment between eligibility criteria under the Housing Australia Future Fund and the maximum lease term of council land under the *Local Government Act 2020 (Vic)* impacting on the ability to use council-owned land for affordable housing.
- Continuing and expanding the scope of successful Commonwealth programs, such as the Urban Rivers and Catchments Program.
- Re-considering the balance of funding available for local government infrastructure projects, to provide more support for existing asset renewals and upgrades.
- Developing an investment program for the delivery of the large-scale infrastructure required for nationally significant urban renewal precincts, such as the delivery of catalytic transport infrastructure to Fishermans Bend.

**[5] Legislative review** – The Commonwealth should pursue amendments to legislation where such legislation impacts the amenity and liveability of urban areas, or unreasonably compromises State and Local expenditure and efficiency, including:

- The *Telecommunications Act 1997*. Current definitions of ‘low impact facilities’ allow telecommunications companies to install infrastructure that reduces access to, and visual amenity of, the public realm, especially in central cities.
- Harmonised building and utilities legislation. It should be mandatory that local authorities and local road managers, especially in dense and complicated urban environments like central cities, are made aware of all planned and unplanned works that impact the public realm, so that disruptions and lost accessibility can be anticipated and planned for.

## Theme 2: Capital cities, leadership and civic participation

Capital cities play a unique role in the urban landscape. They perform a pivotal role in job creation and offer a diversity of experiences for residents, workers and visitors, building a sense of belonging, attracting investment and talent and driving tourism. Over the last 30 years, Australia's six largest capital cities generated 69 per cent of Australia's economic growth ([SGS Economics and Planning, 2019<sup>2</sup>](#)).

Investment in capital cities has benefits for the whole state, which depends on the central city for employment, recreation and the movement of people and goods. Central cities are the most culturally diverse places in the country and serve as gateways between Australia and the world. The concentration of public and private institutions, including universities and research facilities, and the diverse communities that live, work and play in capital cities presents an opportunity for creativity, experimentation and learning.

As our urban places evolve and we consider the future of our cities, governments need to lead the conversations with our communities about the benefits and opportunities of urban growth and densification. Transformational changes to density will require ongoing engagement across all levels of government, the planning and development sector and with our community. The space in cities is finite and we need to ensure creative use of public and open spaces so that they can support social cohesion and community wellbeing, as well as ensuring cities are climate resilient and adaptable to change.

### Recommendations

**[6] Role of capital cities** – The National Urban Policy should recognise the role of capital cities and leverage their unique characteristics, including by:

- Facilitating ongoing collaboration, engagement and decision-making between the Australian Government and the Council of Capital City Lord Mayors, including mechanisms to determine and deliver agreed priorities.
- Supporting diverse global innovation precincts through national plans that attract talent and investment in the knowledge and technology economies.
- Recognising the role of diaspora communities and international students in connecting our cities and Australia with the world.

**[7] Civic participation, place-making and social cohesion** – The National Urban Policy should recognise the role of place-making and community visioning to deliver high-quality precincts that meet the needs of our diverse communities, including through:

- Leading a national conversation on the imperatives of urban growth and the key urban challenges governments are seeking to address, including through conducting deliberative engagement to share complex decision-making with the community (see City of Melbourne's [People's Panel on Affordable Housing<sup>3</sup>](#)).
- Empowering communities to play their role in shaping the future of these urban places, including through investing in community arts, celebrations of culture and activation of public places.

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<sup>2</sup>[https://sgsep.com.au/assets/main/Publications/SGS-Economics-and-Planning\\_Economic-Performance-of-Australian-Cities-and-Regions.pdf](https://sgsep.com.au/assets/main/Publications/SGS-Economics-and-Planning_Economic-Performance-of-Australian-Cities-and-Regions.pdf)

<sup>3</sup><https://participate.melbourne.vic.gov.au/affordable-housing-peoples-panel>

## Theme 3: Meeting our challenges through innovation

To face climate challenges in our urban spaces we need to foster innovative environments, with the right ecosystem of policy settings, incentives and an appropriately skilled workforce. Transitioning to zero emissions presents enormous opportunities to develop the clean energy industry, generate jobs, boost economic productivity, and position Australia as a leader in renewable technologies. Through building retrofits in Melbourne alone, we could add over \$2.7 billion to the Victorian economy by 2040, with 12,000 jobs and a yearly reduction in energy costs of over \$184 million.

Through urban growth we have an opportunity to experiment and invest in building our workforce capability to support retrofitting existing, underutilised buildings, and support other sustainability improvements to existing urban infrastructure. In our urban renewal precincts and areas of high growth, we can embed renewable energy, integrated water management and circular economy systems, placing our cities at the forefront of sustainable renewal.

In the City of Melbourne, commercial buildings<sup>1</sup> are now the biggest polluters in the municipality, accounting for almost 60 per cent of the city's carbon emissions. While we are working to reduce the emissions profile of these buildings, a threshold barrier exists at the Commonwealth level: the current lack of mandatory, consistent and regular disclosures of the energy use of buildings.

National Commercial Building Disclosure regulations apply to sellers and leasers of commercial office spaces over 1000 m<sup>2</sup> in buildings that comprise more than 75 per cent office space. The Commonwealth has signalled its intention to expand the program beyond commercial office buildings to include properties such as hotels, data centres and retail, and to introduce Minimum Energy Performance Standards. This proposed pathway can be strengthened through mandating periodic disclosure of base building energy performance of all buildings over 100m<sup>2</sup> every 12 to 24 months.

### Recommendations

**[8] Understanding building emissions** – The National Urban Policy should reinforce the Commonwealth's intention to mandate the periodic disclosure and reporting of energy performance for the majority of buildings, creating a level playing field and enabling governments to assist building owners to transition to a lower carbon future and collectively achieve net zero emissions.

**[9] Reducing embodied carbon** – The National Urban Policy should seek a pathway to mandate maximum allowable embodied carbon for different building types, similar in concept to Minimum Energy Performance Standards.

**[10] Precinct-based approaches** – The Commonwealth should participate in a precinct-based approach to embed resilience and adaptation in the design of buildings and public places, including:

- Leveraging the opportunity of urban renewal precincts to test the integration of precinct based renewable energy, water, and circular waste systems.
- Incentivising the retrofit of existing commercial buildings in capital cities with a recurrent funding pool and providing training and skills to build capability and support the construction sector.
- Initiating funding partnerships to undertake place-based capacity building for industry to retrofit existing commercial buildings in capital cities.
- Funding critical infrastructure to prepare for extreme weather events.

**[11] Transition to renewable energy** – The Commonwealth should accelerate the speed of transition. Urgent action is required to mitigate the impacts of climate change. Government should commit to a more ambitious plan to take advantage of an aligned national, state and local ambition, including through:

- Accelerating investment in infrastructure that enables 100 per cent renewable energy and builds a clean energy economy.
- Accelerating investment in energy efficiency and electrification pathways, including for public transport.
- Testing subnational approaches to climate planning and financing through leveraging Australia’s commitment to the Coalition for High Ambition Multilevel Partnerships initiative and drawing on international examples of this initiative in action. One such example is the [Cities Climate Finance Leadership Alliance](https://citiesclimatefinance.org/)<sup>4</sup>, a multi-level and multi- stakeholder coalition aimed at closing the investment gap for urban subnational climate projects and infrastructure.

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<sup>4</sup> <https://citiesclimatefinance.org/>

## Theme 4: Delivering high-quality housing for all

The housing and homelessness challenges facing Australia are complex and growing. They require a courageous, sophisticated and far-reaching response. There is no single solution. Some solutions will not be popular. The National Urban Policy is an opportunity to recognise and address these challenges.

The delivery of housing needs to balance a range of priorities to build liveable and thriving neighbourhoods. Relying on the private market alone to increase housing supply will not adequately address the crisis in front of us. Housing must be diverse and enable people to move through their life stages in place. The delivery of housing, in higher density environments, must be accompanied by the delivery of new public open space, accessible transport and social infrastructure that supports community wellbeing and sustainability.

Affordable housing is essential infrastructure and must be acknowledged as such in the National Urban Policy. The delivery of affordable housing must be mandatory and must be supported through the National Urban Policy to ensure it can be achieved consistently across states and territories.

More detail can be found in the City of Melbourne's comprehensive submission to the National Housing and Homelessness Plan.

### Recommendations

**[12] Affordable housing is essential infrastructure** – The National Urban Policy must recognise affordable housing as essential infrastructure, and it must also recognise the Commonwealth's role in funding construction.

**[13] Tax reform and regulation** – The National Urban Policy should commit to a review and reform of tax and regulatory structures with a view to addressing housing inequity and stimulating new development, including to:

- Reduce land and housing speculation and redistribute tax incentives to improve the supply of quality housing for owner-occupiers.
- Consider the establishment of an adaptive reuse incentive scheme to support the conversion of underutilised commercial buildings for housing outcomes.
- Increase diversity in the housing market by encouraging a range of public, not-for-profit and other alternative delivery models.
- Consider and evaluate options to encourage institutional investment (e.g. superannuation) in affordable housing.

**[14] Increase the availability of social and affordable housing** – The National Urban Policy should recognise that all levels of government and the private sector have a role to play in increasing affordable housing supply. To ensure our urban places remain accessible to all people and are equitable, we need to increase the amount of social and affordable housing, including by:

- Supporting the states to build public housing sufficient to meet demand.
- Ensuring policy consistency in definitions of social, affordable and key worker housing, to ensure outcomes delivered are targeted to those most in need on very low to moderate incomes.

- Requiring state governments to introduce mandatory inclusionary zoning or levies to facilitate affordable housing contributions from private development.
- Identifying and developing underused Australian Government owned land that is appropriate for affordable housing.
- Providing substantial ongoing investment to community housing organisations.

**[15] Housing and homelessness support services** – The National Urban Policy should include a vision to end homelessness and provide all Australians with access to housing that meets their needs, including through:

- Prioritising the unique service and support needs for groups that are over-represented in the homeless population and/or have unique needs: Aboriginal people, people experiencing chronic homelessness and sleeping rough, women and young people (aged 15 to 25).
- Establishing a dedicated children and youth homelessness plan. This should be underpinned by the voice of children and young people, with their best interests a primary consideration.
- Developing a National Cultural Safety Framework, based on the Victorian Aboriginal Housing and Homelessness Framework, to ensure that homelessness services and housing options respond to cultural needs.
- Developing a dedicated National Housing and Homelessness Plan for Aboriginal people.

# Appendix D: City of Melbourne's submission to the Australian Government's National Housing and Homelessness Plan

## ACKNOWLEDGEMENT OF COUNTRY

The City of Melbourne respectfully acknowledges the Traditional Owners of the land we govern, the Wurundjeri Woi-wurrung and Bunurong Boon Wurrung peoples of the Kulin and pays respect to their Elders past, present and emerging.

We acknowledge and honour the unbroken spiritual, cultural and political connection the Wurundjeri, Bunurong, Dja Dja Wurrung, Taungurung and Wadawurrung peoples of the Kulin have to this unique place for more than 2000 generations.

We are committed to our reconciliation journey, because at its heart, reconciliation is about strengthening relationships between Aboriginal and non-Aboriginal peoples, for the benefit of all Victorians.

Homes Melbourne acknowledges that Aboriginal peoples continue to live in sacred and spiritual relationships with the land.

We also acknowledge the spiritual homelessness of many people experienced through their separation from traditional land, culture, family and kinship groups.

Melbourne is a city with a conscience: we recognise that sovereignty has never been ceded. It always was, and always will be, Aboriginal land.

The term 'Aboriginal' is used to refer to both Aboriginal and Torres Strait Islander peoples. Use of the terms 'Koori', 'Koorie' and 'Indigenous' are retained in the names of programs, initiatives and publication titles, and unless noted otherwise, are inclusive of both Aboriginal and Torres Strait Islander peoples.

# SUBMISSION TO NATIONAL HOUSING AND HOMELESSNESS PLAN

## 1. INTRODUCTION

City of Melbourne welcomes the opportunity to provide feedback on the National Housing and Homelessness Plan Issues Paper (the Issues Paper). We applaud the action taken by the Australian Government on housing, including the announcement of the Housing Australia Future Fund, the National Housing Accord and the preparation of this National Housing and Homelessness Plan (the National Plan). These actions reflect the ambition of the government in addressing housing and homelessness issues and are commendable.

In our city, we are facing a housing and homelessness crisis; a situation mirrored across Australia. Visible homelessness, people sleeping rough on the streets, is just the tip of the iceberg in our homelessness crisis. Many more women, children and families are part of the hidden problem – sleeping in their cars, on other people’s couches and in severely overcrowded or temporary accommodation. We have a shortage of 6000 affordable homes in the City of Melbourne, and 21 per cent of City of Melbourne households are in housing stress (SGS Economics and Planning, 2019).

In response to these housing and homelessness challenges, in 2022 City of Melbourne established Homes Melbourne to increase the supply of safe, secure and affordable housing and strengthen the provision of specialist homelessness services. Although the provision of housing and homelessness services is not a traditional role of local government, we have taken action in response to the growing crisis in our city.

Homes Melbourne recognises that the complexity and extent of the housing and homelessness crisis in our municipality needs a comprehensive, targeted response. The City of Melbourne is a leader in local government responses to homelessness and affordable housing. We challenge ourselves as a city to do better, and we are committed to dedicating resources to drive positive change. Our position and commitment is set out in our Affordable Housing Strategy (adopted in 2020) and our forthcoming Homelessness Strategy 2024-30, and is reflected in our advocacy, our planning scheme and our operational policies.

In one of the largest investments by a Victorian local government we have contributed one of our Council-owned buildings to transitional supported housing through our *Make Room* project, and we are actively working to make more Council land available for social and affordable housing. Appendix A and B detail current Homes Melbourne initiatives.

The housing and homelessness challenges facing Australia are complex, growing, and have been decades in the making. They require a courageous, sophisticated and far-reaching response. There is no single solution and some of the solutions will not be popular. The National Housing and Homelessness Plan is a unique opportunity to address these challenges. We have reviewed the Issues paper and we are concerned that the opportunity for meaningful action will be lost. Our submission outlines what actions are essential for the National Plan to successfully address the housing crisis.

This submission was approved by Council at its Future Melbourne Committee meeting on 24 October 2023.

Given the nature of this submission is a response to the Issues Paper, and early phase in the development of the National Plan, our response provides insights and opportunities for local, state and federal government jurisdictions. In this submission, we use the term “affordable housing” as per the definition in Victorian legislation, which includes social housing.

# SUBMISSION TO NATIONAL HOUSING AND HOMELESSNESS PLAN

## 1.1. General recommendations

Recommendation 1: Establish a vision to end homelessness and provide all Australians with access to housing that meets their needs.

Recommendation 2: Recognise affordable housing, including social housing, as essential infrastructure.

## 1.2. Homelessness and homelessness services

Recommendation 3: Legislate the right to adequate housing to be achieved progressively, in accordance with our obligations under articles 2 and 11 of the International Covenant on Economic, Social and Cultural Rights.

Recommendation 4: Adopt a Housing First approach to ending homelessness.

Recommendation 5: Establish ways for agencies to work together to share information on individuals sleeping rough to support best outcomes (known as a By Name List).

Recommendation 6: Provide long-term funding for services associated with homelessness, including transitional housing, and services that improve coordination between intersecting systems such as housing, health, justice, education and family violence.

Recommendation 7: Establish reforms to the income support system to increase Commonwealth Rent Assistance, income support payments and improve government service coordination.

Recommendation 8: Prioritise the unique service and support needs for groups that are over-represented in the homeless population and/or have unique needs: Aboriginal peoples, people experiencing chronic homelessness and sleeping rough, women and young people (aged 15 to 25).

Recommendation 9: Develop a National Cultural Safety Framework, based on the Victorian Aboriginal Housing and Homelessness Framework, to ensure that homelessness services and housing options respond to cultural needs.

Recommendation 10: Establish a dedicated children and youth homelessness plan. This should be underpinned by the voice of children and young people, with their best interests a primary consideration.

Recommendation 11: Ensure that people on temporary visas are able to access homelessness support services, housing pathways and income support payments.

Recommendation 12: Establish an ongoing mechanism to consult with people with a lived experience of homelessness to ensure the national housing and homelessness plan is working and supported.

## 1.3. Aboriginal Housing

Recommendation 13: Ensure that at least 1 per cent of surplus government land is allocated to Aboriginal Controlled Housing organisations, in line with Victorian Aboriginal Housing and Homelessness Framework.

Recommendation 14: Include a commitment to work directly with and resource Aboriginal controlled housing organisations.

Recommendation 15: Develop a dedicated National Housing and Homelessness Plan for Aboriginal peoples.

## 1.4. Social housing

Recommendation 16: Provide ongoing capital and operational funding for Registered Housing Agencies to develop housing and build capacity.

# SUBMISSION TO NATIONAL HOUSING AND HOMELESSNESS PLAN

Recommendation 17: Provide substantial ongoing investment to build new public housing.

Recommendation 18: Commit to identifying and developing underused Australian Government-owned land that is appropriate for affordable housing.

Recommendation 19: Redevelopment of public housing, including mixed tenure developments, should result in a net increase in public housing units and capacity, and should not be driven solely by financial outcomes. Social impacts must be considered, including the need to minimise disruption to and displacement of residents. Residents must be informed in languages they understand, and afforded active, free and meaningful opportunities to participate in decisions about public housing redevelopment.

Recommendation 20: Explore ways for the Australian Government to directly partner with and fund local government to deliver housing projects.

Recommendation 21: Ensure federal funding requirements do not present a barrier to the use of council-owned land for affordable housing, for example, the misalignment between eligibility criteria under the Housing Australia Future Fund and the maximum lease term of council land under the *Local Government Act 2020 [Vic]*.

## 1.5. Housing costs, home ownership and private rental

Recommendation 22: Review and reform tax and regulatory structures to address housing inequity. The holistic review and reforms should seek to:

- Reduce land and housing speculation and redistribute tax incentives to improve the supply of quality housing for owner-occupiers.
- Increase diversity in the housing market by encouraging a range of public, not-for-profit and other alternative delivery models.
- Consider and evaluate options to encourage institutional investment (e.g. superannuation) in affordable housing.

Recommendation 23: Establish a definition of Build to Rent housing or encourage the establishment of such a definition by state governments to link the land use and this housing delivery model with appropriate public policy and regulation.

Recommendation 24: Address the impact of the Short Term Rental Accommodation sector, including by enabling local governments to introduce regulations that respond to unique STRA operating environments in their local communities.

## 1.6. The importance of planning, zoning and development

Recommendation 25: Require state governments to introduce mandatory inclusionary zoning to facilitate affordable housing contributions from private development.

Recommendation 26: Ensure policy consistency in definitions of social, affordable and key worker housing to ensure outcomes delivered are targeted to those most in need on very low to moderate incomes.

Recommendation 27: Support and encourage fast-track processes for developments that provide more than 25 per cent affordable housing.

Recommendation 28: Ensure local governments remain the primary decision maker in local planning matters. Where the Victorian or Australian Government is decision maker, ensure meaningful input from local

governments and communities, as well as adherence to agreed minimum standards of consultation and transparency in decision-making. This is particularly important where the scale and impact of development is of local and state/national significance.

## 1.7. The impact of climate change

Recommendation 29: Strengthen energy efficiency requirements in the National Construction Code, and establish a target for zero-emissions, climate-adapted new buildings and precincts by 2030, while enabling other levels of government to develop policies and regulations that address this target.

Recommendation 30: Provide increased funding for the retrofit and upgrade of social and affordable housing for heat and health.

Recommendation 31: Fund local infrastructure and nature-based solutions for resilience to extreme weather and community led resilience initiatives with a focus on vulnerable communities including those experiencing homelessness.

## 2. GENERAL COMMENTS IN RESPONSE TO THE ISSUES PAPER

Homes Melbourne welcomes a national approach to housing and homelessness and acknowledges that this has been an advocacy request from the sector for many decades. Housing and homelessness are complex issues and require a coordinated response across all tiers of government, the not-for-profit sector and industry. We make the following general comments in response to the issues paper. A response to each focus area is included in Section 3.

### 2.1. The National Plan should establish a bold and ambitious vision

This Plan is a once-in-a-generation opportunity to influence housing outcomes for Australians. It should establish a clear and ambitious vision, supported by objectives and targets.

Some of these targets and reforms have already been announced, such as the National Housing Accord, the \$10 billion Housing Australia Future Fund, and the reinstatement of the National Housing Supply and Affordability Council. The National Plan should coordinate these measures and articulate how they will achieve the overarching vision.

City of Melbourne is part of the Melbourne Zero Network, an alliance of diverse Melbourne-based businesses, brands, organisations and community groups publicly calling for change to make zero homelessness a reality and taking practical actions to end street homelessness in our city.

One of our objectives in the Council Plan 2021-2025 is to ensure universal access to housing, and the following priority is identified:

*“Fair, appropriate and accessible range of affordable housing for people of all backgrounds is available, with special focus on people experiencing homelessness.”*

A vision to achieve zero homelessness and provide affordable housing for all would align with these priorities.

*Recommendation 1: Establish a vision to end homelessness and provide all Australians with access to housing that meets their needs.*

### 2.2. The National Plan should coordinate efforts of all stakeholders and be integrated with other government policy

Housing and homelessness in Australia are influenced by many stakeholders and a range of policy areas. The National Plan needs to acknowledge this and ensure that the vision for housing in Australia is translated into other relevant policies and that the efforts of stakeholders are coordinated.

The National Plan should establish ways of working together, sharing information, streamlining processes and coordinating interventions across governments and stakeholders. In a study of four major cities – Melbourne, Vancouver, Toronto and Portland – researchers from the University of Melbourne found that vertical governance that aligned funding and priorities across levels of government was one of the most important aspects of delivering affordable housing (Raynor and Whitzman, 2020). The National Housing Accord goes some way towards this, however the details of the Accord and how it will function are unclear. As the overarching plan for housing and homelessness in Australia, the National Plan should articulate how the key agencies will work together, including under the Accord.

The current scope of the Issues Paper should be expanded to address other policy areas that influence housing and homelessness. A greater focus on policy areas such as taxation, finance and development is

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required. Multiple policy areas interact with housing and the National Plan should consider and influence these (refer Figure 1 below). Such policies can contribute to achieving the vision of the National Plan.

**Figure 1: policy areas for the National Plan**

Macroeconomic policy	Employment, skills and manufacturing	Welfare and retirement incomes	Immigration and settlement policy
Housing-related taxation		Housing finance	Urban and regional policy
Rental and first home buyer assistance	Residential tenancies law	Planning and development	Climate change policy
Social housing	Residential building quality and accessibility		Disability policy
Homelessness			Indigenous policy

Key: ■ Established core policy areas (NHHA) ■ New core policy areas ■ Policy areas for alignment with housing missions ■ Policy areas for articulation with housing missions

Source: Martin et al 2023

## 2.3. Affordable housing is essential infrastructure

Homes Melbourne supports the growing calls for social and affordable housing to be treated as essential infrastructure. Affordable housing is vital to the functioning of our society and economy and there are significant consequences in failing to provide enough affordable housing.

Infrastructure Victoria, the infrastructure advisory group to the Victorian Government, identified investment in affordable housing for vulnerable Victorians as one of its top three priorities in Victoria’s 30 Year-Infrastructure Strategy (2016).

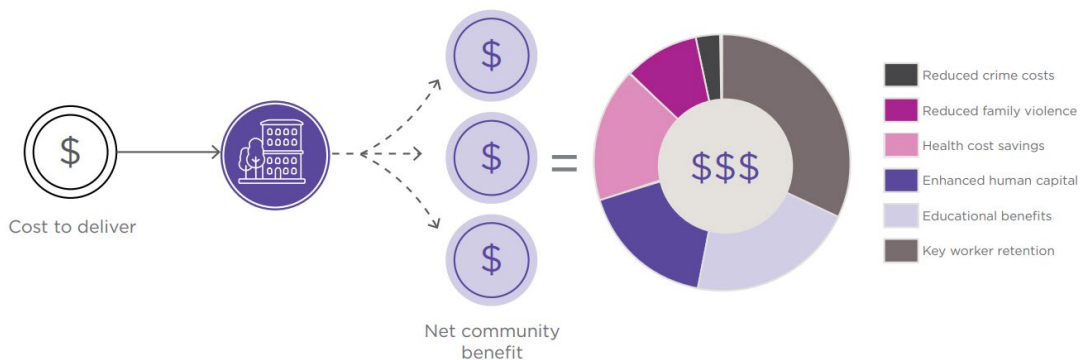
Reframing affordable housing in this way would ensure it is planned for and delivered based on forecast need and over the long term, like other forms of social and economic infrastructure. It should have reliable, ongoing funding that enables delivery. Like schools, health services and transport networks, affordable housing should be delivered in every community, in a way that responds to the needs of that community.

*Recommendation 2: Recognise affordable housing as essential infrastructure.*

## 2.4. Investing in affordable housing returns significant benefits

Research conducted by SGS Economics and Planning for Council in 2019 showed that for every dollar invested in affordable housing, there were \$3 in benefits (refer Figure 2 below).

**Figure 2: Every \$1 spent on affordable housing provides \$3 of community benefit**



Source: SGS Economics and Planning 2019

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Conversely, failing to invest in affordable housing will have significant social and economic impacts. In another report, SGS Economics and Planning (2022) estimates that the cost to government of failing to invest in affordable housing will reach \$25 billion per year by 2051.

The case for investing in affordable housing is compelling, and the Australian Government is best placed to do this, given it collects 81 per cent of tax revenue. This is discussed further in the Social Housing section below (Section 3.3).

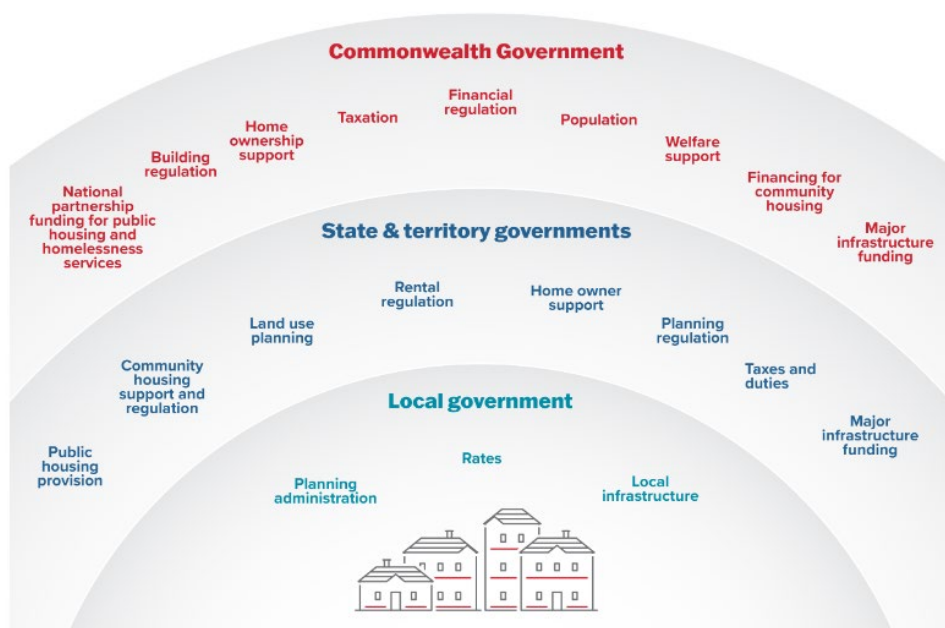
## 2.5. The Australian Government has the greatest influence over housing and homelessness outcomes

The Australian Government has a lead role and a direct influence in addressing housing and homelessness; as a major funder and project partner of state governments and the housing sector; and also as the legislator of many of the tax and market settings that influence housing. The Australian Government also controls the welfare system, which is directly linked to experiences of homelessness.

The roles of the tiers of government are established through the National Housing and Homelessness Agreement (NHHA). The NHHA makes it clear that the Commonwealth and States are responsible for leadership for housing and homelessness policy, and funding and maintaining adequate supply of social housing, and that local government's responsibilities are for building approval processes, local urban planning and development processes, and rates and charges that influence housing affordability.

However, the current NHHA is failing to deliver the housing and homelessness outcomes that are required. More needs to be done. Of all the tiers of government, the Federal level has the greatest number of levers with which to influence housing and homelessness, as shown in Figure 3 below (AHURI, 2023). In addition to controlling these levers, the Australian Government collects 81 per cent of tax revenue in Australia. Its investment and intervention in housing and homelessness should be commensurate with its revenue and utilise all the levers in its control.

**Figure 3: housing and homelessness policy levers of the tiers of government in Australia**



Source: AHURI 2023

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Historically, the federal and state governments have played a much larger role in housing supply, particularly social housing (further discussed in Section 3.3 below), compared with today. The Commonwealth-State Housing Agreement, formed in 1945, saw the construction of 96,000 dwellings over its first 10 years, and accounted for 16 per cent of total dwelling completions between 1945 and 1970. By the mid-1990s, this had reduced to 3 per cent.

The recently announced \$10 billion Housing Australia Future Fund, \$2 billion Housing Accelerator fund and \$1 billion National Housing Infrastructure Facility are significant contributions, but significantly more funding is needed. By way of comparison, Canada's National Housing Plan includes \$82 billion in funding over 10 years (Canada Mortgage and Housing Corporation, 2018).

City of Melbourne welcomes the involvement of the private sector and other stakeholders in the delivery of affordable housing. However, the Australian Government must continue to play a leading role in facilitating housing for those on the lowest incomes. Housing for very low-income earners requires significant subsidy and is unlikely to ever be feasible for the private sector in the absence of government funding. In addition, the greatest demand for affordable housing in the City of Melbourne is from very low-income households. The current market and rent setting models make it unfeasible for the private sector to deliver affordable housing for these people (unless there is government subsidy).

## 2.6. Consistency and definition of key terms are important

The terms 'social housing' and 'affordable housing' are commonly used but their definitions can vary across jurisdictions. In Victoria, the *Planning and Environment Act 1987* defines affordable housing, and the *Housing Act 1983* defines social housing. Both definitions are linked to very low, low and moderate income households.

Another concept that is emerging in public discussion around housing is that of 'key workers' (also known as 'frontline' or 'essential' workers). While frequently used, there is no clear or established definition of the term. City of Melbourne recently adopted a draft definition of 'key worker housing' (refer Appendix B) to address this. It is important for this concept to be linked to income, as some 'key' workers are on high incomes and do not require housing assistance<sup>1</sup>. This definition is being tested with stakeholders in the development and social housing industry and a final definition will be considered by Council in February 2024.

It is important that social housing, affordable housing and key worker housing are defined in order to ensure housing assistance is delivered in a consistent way and targeted to those in need. The National Housing and Homelessness Plan should ensure that these terms are clearly defined, so that housing outcomes are targeted to those on very low to moderate incomes. The Plan should also seek to achieve consistency of definitions across states and in federal, state and local government regulation, to ensure planning regulations and other incentives deliver affordable housing for very low to moderate-income earners.

## 2.7. Increasing housing supply does not guarantee housing affordability or affordable housing

Increasing housing supply is important, but the National Plan must ensure that the supply of targeted, subsidised, affordable housing is increased, in addition to general housing supply.

Public discussions regarding housing affordability frequently refer to restrictions on supply (particularly planning) being a cause, and increasing supply being a solution. The rationale is that if we build more housing, supply will exceed demand, and housing affordability will improve.

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<sup>1</sup> We acknowledge that in some areas, particularly rural and regional areas, there may be insufficient supply of housing for local employees and that targeted housing for these employees may be required, regardless of income.

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Housing policy responses must be much more nuanced than this. The problem is not entirely one of housing supply, but a lack of affordable housing for households on very low to moderate incomes (Van den Nouwelant et al, 2016; Ong et al, 2017) and the increasingly inequitable distribution of housing (Pawson et al, 2020). This is evidenced by the continued increase in need for affordable housing, despite recent construction booms and the dramatic increase in the number of dwellings in Melbourne. The ongoing campaign for trickle-down housing is not delivering homes for very low to moderate income earners.

The argument to increase housing supply alone fails to account for incentives that encourage investment in and financialisation of housing, and the primary motivation of developers to deliver a profit on any given project. Existing incentives have reframed housing as an asset, rather than an essential form of shelter, and housing has become an attractive option for private investors. Rental housing is primarily seen as a wealth-generating tool rather than essential infrastructure. Multiple studies have shown that developers will not build and sell more housing stock if it means reducing sale prices, even where all necessary permissions are in place (refer Section 3.5 below). Doing so would not be in the best interests of these developers or their shareholders.

In this context, increasing the supply of housing alone is not guaranteed to result in improved housing affordability, nor an increase in affordable housing. Government subsidies or uplift mechanisms are essential in delivering affordable housing. The minimum cost of land, construction and demonstrable profit means that appropriate housing for very low to moderate income earners cannot be delivered by the market alone. Resolving the housing crisis requires addressing the shortfall of affordable housing through subsidies, not marginal improvements in housing supply. In short, increasing housing supply is not sufficient – we also need to supply the right type of housing.

## 3. RESPONSE TO ISSUES PAPER FOCUS AREAS

### 3.1. Homelessness and homelessness services

*How can governments and community service providers reduce homelessness and/or support people who may be at risk of becoming homeless in Australia?*

#### 3.1.1. Homelessness in the City of Melbourne

In our city, we are facing a housing and homelessness crisis; a situation mirrored across Australia. Visible homelessness, people sleeping rough on the streets, is just the tip of the iceberg in our homelessness crisis. Many more women, children and families are part of the hidden problem.

Prior to 2021, the homeless population in Melbourne doubled in just five years, up from 926 in the 2011 census. This includes people sleeping rough on the streets, in derelict buildings, cars, 'couch surfing', staying in crisis accommodation or living in boarding or rooming houses. The scale of rough sleeping in our city was steadily increasing and is symptomatic of issues in the broader system. The COVID-19 pandemic disrupted this pattern, but with an end to measures introduced during this time and the continued increase in the cost of housing and cost of living costs, we anticipate homelessness will continue to increase.

Research suggests that people sleeping rough and unable to resolve their homelessness gravitate to central Melbourne over time from suburban and non-metropolitan locations. Data from the City of Melbourne-funded Night Time Safe Space Program supports this research. People attending the program have identified as coming from mostly inner and outer suburbs of Melbourne and also some regional areas.

Victoria has the second-highest number of people experiencing homelessness in Australia, with over 30,605 people, after New South Wales, which has 34,982 (ABS, 2021 census). The statistics show that 25 per cent of Australia's homeless population lives in Victoria. That's one in every four people experiencing homelessness.

In the 2021 Australian Census, a total of 1163 people were recorded as homeless in our municipality. The figure is down from 2016, when the Census recorded 1725 people as experiencing homelessness. On a per capita basis, City of Melbourne has 78 identified homeless persons per 10,000 people. City of Melbourne has the highest number of people sleeping rough in inner Melbourne with 130 people identified in 2021.

The 2021 census was taken during the COVID-19 pandemic, so the decrease in the homeless population does not necessarily indicate an ongoing trend. For example, in 2020, before the pandemic, more than 300 people slept rough in the City of Melbourne every night. During COVID-19, the Victorian Government accommodated people sleeping rough in hotels through the *From Homelessness to Home* (H2H) program, which could account for the decrease on census night. The long term impacts of the H2H program are yet to be measured and understood.

Certain groups are over-represented in the homeless population, particularly Aboriginal peoples (5 per cent of homeless population compared to 0.5 per cent of total population) and people experiencing chronic homelessness and sleeping rough. Refer Figure 4 below.

**Figure 4: Homeless population in the City of Melbourne**

- 130 people sleeping rough
- 5 per cent were Aboriginal peoples (Aboriginal peoples only comprise 0.5 per cent of our population)
- 15 per cent were young people aged 15 to 25

- 36 per cent of all people experiencing homelessness were women, and 20 per cent of women were young women aged 20 to 24
- 1163 people experiencing homelessness in total

Source: ABS 2021 Census, released March 2023

## City of Melbourne approach to addressing homelessness

Ending homelessness and rough sleeping is a key priority for the City of Melbourne. We lead a multifaceted approach that addresses the complex drivers of homelessness, while providing services and support for people in need. Our long-term goal is that safe and sustainable housing is provided for every person who is experiencing homelessness in Melbourne. Appendix A includes an overview of City of Melbourne's response to homelessness.

We are part of the Melbourne Zero Network – an alliance of diverse Melbourne-based businesses, brands, organisations and community groups publicly calling for change to make zero homelessness a reality and taking practical actions to end street homelessness in our city. Melbourne Zero Network is a coalition of what could seem to be unlikely partners, uniting to advocate for real change to end the stigma around street homelessness and position Melbourne as one of the most liveable cities for everyone.

City of Melbourne supports the Housing First approach which focuses on safe and permanent housing as the first priority for people experiencing homelessness. We are currently partnering with health and homelessness services, the Victorian Government and the corporate and philanthropic sectors to create pathways out of homelessness into secure housing. However, despite all our work over the past ten years, the lack of affordable housing in the city—particularly for those on very low incomes—remains a significant barrier to ensuring our residents have access to long-term, safe and secure housing.

### 3.1.2. A National Housing First approach

A National Housing First approach is essential to addressing and preventing homelessness. Housing First is a strategic response to homelessness that prioritises permanent and stable housing for people experiencing homelessness. It is only once stable housing is secured that other more enduring issues can be appropriately addressed. Providing a variety of housing options is critical to meeting the needs of different cohorts and ensuring they remain in housing long term. The best programs consult with and are informed by experts – people with a lived experience of homelessness.

Once housing is secured, a team of support workers can address complex needs through services like drug and alcohol counselling or mental health treatment. An individual's engagement with these support services is not conditional on them maintaining accommodation. This is different to other models of support that can require people to abstain from alcohol or drugs or comply with mental health programs to qualify for housing.

Housing First began in the United States in the 1990s, and its success has led to it being taken up in the United Kingdom, Spain, Italy, Ireland, France, Belgium, the Netherlands, Canada, and New Zealand. A longitudinal study of 225 people compared the outcomes from using a Housing First program versus using more traditional services. The research found that after two years, 88 per cent of those in the Housing First program retained their housing, compared to 47 per cent in the other programs (AHURI, 2012).

*Recommendation 3: Legislate the right to adequate housing to be achieved progressively, in accordance with our obligations under articles 2 and 11 of the International Covenant on Economic, Social and Cultural Rights.*

*Recommendation 4: Adopt a Housing First approach for people experiencing homelessness.*

### 3.1.3. Lack of supported accommodation options and funding for services

Addressing homelessness is complex and challenging because of compounding social, economic and policy factors. People experiencing homelessness are not a homogenous group. Homelessness can occur at any stage of life and to people from diverse backgrounds. Population growth, rising living costs, increasing rental costs, income support failing to meet the cost of rent and a lack of social and affordable housing are causing housing stress and homelessness.

The welfare system impacts homelessness. When someone is homeless, sleeping rough and just trying to survive each day, it is difficult for them to navigate their way through the complex administrative processes of the housing, welfare and health systems to get help. Many people at risk of homelessness also fall through the gaps in the service system; do not receive the help they need and end up on the streets.

The primary challenges within the homelessness system in Melbourne also include a lack of funding for and effective coordination of support services and a shortage of emergency accommodations and supported housing options. The Victorian Government has implemented various measures to address these challenges, including funding new housing initiatives and support services. However, more needs to be done, at a quicker pace, by all levels of government to create suitable accommodation and support options in our city.

In partnership with the private sector, not-for-profit sector and Victorian Government, the City of Melbourne is delivering its own supported transitional residential accommodation facility, Make Room. This will provide up to 50 studio apartments alongside living areas and wraparound support services for residents, providing transitional accommodation for a significant proportion of Melbourne's current rough sleepers. We would welcome further engagement with the Australian Government regarding new facility, including sharing learnings once it is established and operational in order to replicate the Make Room model in other jurisdictions.

An integrated service system is needed across local, state and federal government departments. The departments of housing, health, human services, education, justice and Centrelink services need to work collaboratively to improve housing outcomes for individuals interacting with various aspects of the system.

Early intervention and access to sustainable housing is also crucially important to prevent exit into homelessness from out of home care and the justice, health and mental health systems.

*Recommendation 5: Establish ways for agencies to work together to share information on individuals sleeping rough to support best outcomes (known as a By Name List).*

*Recommendation 6: Provide long-term funding for services associated with homelessness, including transitional housing, and services that improve coordination between intersecting systems such as housing, health justice, education and family violence.*

### 3.1.4. Increasing income support

Providing people with an adequate basic income is critical to preventing homelessness and sustaining long term housing. Prior to the COVID-19 response, income support payments had not increased in real terms in 25 years. The increased JobSeeker income support payment brought in during the pandemic had a life-changing effect for households who were briefly able to afford housing, food, healthcare and education – the fundamentals needed to thrive, not just survive. Increase introduced in 2023 have been welcomed by the sector; however, with housing costs and the cost of living increasing, income support also needs to increase.

Commonwealth Rent Assistance (CRA) is currently failing to meet actual rental costs. It is linked to Consumer Price Index (CPI) increases twice a year, but this is inadequate as rental prices are increasing faster than CPI (CCCLM, 2020). It is also paid at an even rate across the country, meaning that people living in higher rent

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areas such as the municipality of Melbourne and other capital cities are disadvantaged (Australian Institute of Health and Welfare, 2019).

*Recommendation 7: Establish reforms to the income support system to increase Commonwealth Rent Assistance, income support payments and improve government service coordination.*

### 3.1.5. Prioritising the needs of particular cohorts

There are particular groups that are over-represented in homelessness figures, or who have unique needs that are not being met through current service provision. These include Aboriginal peoples, people experiencing chronic homelessness or sleeping rough, children and young people, and women. These groups are discussed further below. It's important to note that while we highlight specific cohorts, we are also committed to achieving safe and affordable housing for everyone in our city. We also understand the intersectionality of identity – a person experiencing homelessness may hold the identity of many cohorts.

The National Plan should ensure that support services and housing options respond to the different cultural needs of people who are experiencing homelessness. This is important for Aboriginal peoples and could be extended to any cultural group that may have experienced trauma in built form environments. This could build on the findings of the *Blueprint for an Aboriginal-specific homelessness system* in Victoria developed by Aboriginal Housing Victoria and work done by the City of Melbourne for the Make Room project (refer Appendix A).

*Recommendation 8: Prioritise the unique service and support needs for groups that are over-represented in the homeless populations and/or have unique needs: Aboriginal peoples, people experiencing chronic homelessness and sleeping rough, women and young people (aged 15 to 25).*

*Recommendation 9: Develop a National Cultural Safety Framework, based on the Victorian Aboriginal Housing and Homelessness Framework, to ensure that homelessness services and housing options respond to cultural needs.*

### Aboriginal Peoples

As shown in Figure 4, despite only 0.5 per cent of the City of Melbourne's population identifying as Aboriginal, 5 per cent of people experiencing homelessness and 15 per cent experiencing chronic homelessness are Aboriginal peoples. Aboriginal peoples in Victoria experience contact with homelessness services at 10 times the rate of other Victorians (Australian Institute of Health and Welfare, 2022). Despite Aboriginal peoples representing a high percentage of people experiencing homelessness, there is no Aboriginal-specific access point within Melbourne's CBD or established partnerships with Aboriginal Controlled Community Organisations (ACCOs).

Research to develop a proposed blueprint for an Aboriginal-specific homelessness system reported that Aboriginal peoples often find mainstream services 'cold' and 'scary' and lack culturally safe environments (Aboriginal Housing Victoria, 2022). Cultural safety means creating an environment where Aboriginal peoples feel safe, respected and empowered and can access support services that respect and acknowledge cultural identity, values and beliefs. Culturally safe environments address the systemic barriers and discrimination that Aboriginal peoples face in the homelessness system. This is discussed further in Section 3.2.3 below.

### Chronic homelessness and people sleeping rough

Long term homelessness is defined as experiencing homelessness for more than 12 months. For people who experience homelessness, 70 % of 19-24 year olds, and 85 % of people over the age of 25 experience long term homelessness. People experiencing long-term homelessness have multiple and complex needs and many experience mental health difficulties. There are elevated rates of depression, substance abuse and

severe mental illness (including psychosis and schizophrenia) in this population. The high prevalence of alcohol and drug use among individuals experiencing chronic homelessness is commonly a consequence of homelessness. It's a method often used to cope with the dangers, stress and anxiety they face during homelessness.

For people experiencing long-term homelessness, it is now widely understood that affordable housing alone is unlikely to be an adequate or lasting solution. Many who have been sleeping rough for an extended time have experienced deep trauma and violence, have complex needs and require physical and mental health support. People sleeping rough for an extended time usually require specialist housing and ongoing support. There is a lack of specialist housing with wraparound support services in Melbourne and nationwide. Without investment in tailored housing solutions for the people who have experienced long-term rough sleeping, the number of people ending up back on the streets will continue to rise.

## **Children and young people**

In Melbourne, young people experience high incidences of homelessness – 15 per cent of people (174 people) who were homeless in our city were aged 15 to 25 (ABS, 2021 Census). Children who experience homelessness are more likely to become homeless when they reach adulthood. There is a strong correlation between homelessness and the following factors:

- childhood poverty,
- family breakdown,
- child protection or out of home care, and
- low levels of education.

Recent research in Victoria found that young out-of-home care clients are a 'distinctly vulnerable group for lifelong homelessness and entrenched rough sleeping' (DHHS, 2017). The research showed that among young people who have spent their lives in care and having never experienced 'home,' even a short period of sleeping rough is likely to develop into long term homelessness.

Given the likely impact of trauma on young people experiencing homelessness, there is a need to address mental health and wellbeing in young people in a way that differs from other cohorts. Because of this, we recommend a dedicated plan for addressing youth homelessness that is underpinned by the voices of children and young people.

*Recommendation 10: Establish a dedicated children and youth homelessness plan. This should be underpinned by the voice of children and young people.*

## **Women**

Women aged 20 to 24 were the largest female age group experiencing homelessness in Melbourne, with 119 people out of 633, or almost 20 per cent (ABS, 2021 Census). Across our city, 36 per cent of people recorded as homeless in the 2021 Census were women. The number of women with young children who don't have anywhere to live has risen dramatically in the past five years. Family violence is the primary cause of homelessness for women and children in Australia (AHURI, 2022).

Women are less likely than men to sleep rough due to safety concerns, reducing their visibility. Women are also more likely to 'self-manage' their homelessness through strategies such as moving in with a partner, moving between family and friends, and seeking jobs providing housing such as live-in care work, further decreasing their visibility within the homelessness system. Women face systemic economic disadvantages

when compared with men. Inequalities put women at a greater risk of experiencing homelessness or housing stress as they age. Women, on average, earned \$253.70 per week less than men in 2015-2016 (Gender Equity Victoria, 2016).

## **Temporary Visa Holders**

In addition to these priority cohorts, people on temporary visas face significant disadvantage as they are unable to access income support, and may be excluded from accessing support services. This can lead to repeat and chronic homelessness.

*Recommendation 11: Ensure that people on temporary visas are able to access homelessness support services, housing pathways and income support payments.*

### **3.1.6. The voice of those with lived experience is critical**

Consumer participation is a fundamental component of the City of Melbourne's homelessness response, and should also inform the development of the National Housing and Homelessness Plan.

In partnership with Council to Homeless Persons' Peer Education and Support Program, we ensure that people with a lived experience of homelessness meaningfully inform the development of policies and initiatives that impact the lives of people without a home.

The City of Melbourne is also establishing a Homelessness Advisory Committee, which will bring together people with broad and diverse knowledge and experience of issues relating to homelessness. It will be an important point of contact between Council and people who have personal and or professional experience and knowledge of homelessness.

*Recommendation 12: Establish an ongoing mechanism to consult with people with a lived experience of homelessness to ensure the national housing and homelessness plan is working and supported.*

### **3.1.7. Increase social housing**

A key response to homelessness is to increase the supply of social housing. As noted above, in the absence of affordable housing options, homelessness responses are ineffective.

As discussed further in Section 3.3 below, a significant increase in the supply of social and affordable housing is required. Substantial, ongoing government funding, at both a state and federal level, is necessary to meet the need for affordable housing, particularly for very low and low income earners, in Australia.

### **3.1.8. Recommendations**

The National Plan should:

- Legislate the right to adequate housing to be achieved progressively, in accordance with our obligations under articles 2 and 11 of the International Covenant on Economic, Social and Cultural Rights.
- Adopt a Housing First approach for people experiencing homelessness.
- Establish ways for agencies to work together to share information on individuals sleeping rough to support best outcomes (known as a By Name List).
- Provide long-term funding for services associated with homelessness, including transitional housing, and services that improve coordination between intersecting systems such as housing, health justice, education and family violence.

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- Establish reforms to the income support system to increase Commonwealth Rent Assistance, income support payments and improve government service coordination.
- Prioritise the unique service and support needs for groups that are over-represented in the homeless population and/or have unique needs: Aboriginal peoples, people experiencing chronic homelessness and sleeping rough, women and young people (aged 15 to 25).
- Establish a dedicated children and youth homelessness plan. This should be underpinned by the voice of children and young people.
- Develop a National Cultural Safety Framework, based on the Victorian Aboriginal Housing and Homelessness Framework, to ensure that homelessness services and housing options respond to cultural needs.
- Ensure that people on temporary visas are able to access homelessness support services, housing pathways and income support payments.
- Establish an ongoing mechanism to consult with people with a lived experience of homelessness to ensure the national housing and homelessness plan is working and supported.

## 3.2. Aboriginal Housing

*How can governments, across all levels, best work with communities to support better housing outcomes for Aboriginal peoples?*

### 3.2.1. Acknowledgement of displacement and strength

The City of Melbourne acknowledges that Aboriginal peoples were the First Nations peoples of this land and have strived to retain their culture and identity through the period of European colonisation for over 200 years.

We also recognise that European colonisation forced the displacement of many Aboriginal peoples from their traditional lands, including those of the Kulin Nation. Despite the destructive impact of European colonisation, Aboriginal culture has endured and is recognised globally as one of the oldest living cultures.

Aboriginal peoples show enormous resilience and generosity of spirit towards other people with whom their land is now shared. However, the echoes of this displacement are still experienced today and Aboriginal peoples disproportionately experience homelessness and housing insecurity in Australia. Aboriginal peoples continue to experience complex historical disadvantage, including; lower education and training levels, lower incomes and the compounding disadvantage of dispossession of their land.

The City of Melbourne's Community Vision states that:

*"Melbourne is an Aboriginal city where we govern with our Traditional Custodians and all have a shared commitment towards treaty, justice and reconciliation with our First Peoples."*

Achieving this vision requires the provision of adequate and affordable housing for Aboriginal peoples in Melbourne.

### 3.2.2. Need for housing for Aboriginal peoples

As a consequence of this ongoing disadvantage and dispossession Aboriginal peoples face severe housing disadvantage. Aboriginal peoples represent 20 per cent of the homeless population in Australia despite only comprising 3.3 per cent of the Australian population. More than 20,000 properties are currently needed across Australia for Aboriginal peoples (Homelessness Australia 2019).

In Victoria, Aboriginal peoples are 14 times more likely to experience homelessness than non-Aboriginal Victorians. More than 4,000 of Victoria's Aboriginal households (1 in 5) have sought social housing.

In Victoria, it is expected that the Aboriginal population will grow from 57,782 in 2016 to 95,149 in 2036 and will require an additional 5,085 Aboriginal Housing units by 2036 (Aboriginal Housing Victoria, 2020).

At the 2021 census, there were 769 Aboriginal people living in the City of Melbourne. This comprises 0.5 per cent of the total population, which is less than the average of Greater Melbourne (0.7 per cent) and Australia (3.3 per cent). Aboriginal peoples make up 5 per cent of the homeless population in Melbourne, a significant over-representation.

In addition to housing stress and homelessness, Aboriginal peoples can experience 'spiritual homelessness', whereby they are separated from family, kinship networks and traditional lands (Tually et al 2022). This can have significant mental health impacts and further exacerbates the impacts of dispossession and disconnection from heritage.

In response to this, City of Melbourne supports a portion of government land being allocated to Aboriginal Housing Organisations, as established in the Victorian Aboriginal Housing and Homelessness Framework. As outlined in the Framework, "as the government allocates surplus land for social housing, a proportion commensurate with Aboriginal population share, i.e 1 per cent, should be allocated to Aboriginal organisations

to construct social housing units. While a target of 1 per cent equivalent to population share, is well below need, it would provide recognition of Aboriginal self-determination and would be a manageable amount given the current capability and capacity of the Aboriginal housing sector.” (Aboriginal Housing Victoria, 2020, page 94)

*Recommendation 13: Ensure that at least 1 per cent of surplus government land is allocated to Aboriginal Housing organisations, in line with Victorian Aboriginal Housing and Homelessness Framework.*

### **3.2.3. A dedicated Housing and Homelessness Plan for Aboriginal peoples**

Affordable housing should be developed in partnership with the Aboriginal community to support the specific cultural and kinship needs of Aboriginal households. In Victoria, there is a dedicated, standalone framework for Aboriginal housing, *Mana na woorn tyeen maar takoort: Every Aboriginal Person has a home*. This framework was developed by and for the Aboriginal community, and is an example of self-determination in action.

The complex and unique housing challenges facing Aboriginal peoples require a targeted and culturally safe response, that is underpinned by self-determination. In addition, Aboriginal housing organisations report that the needs of Aboriginal peoples can be overlooked or sidelined in mainstream strategies.

The Victorian framework provides a blueprint for how this could be achieved. Such a plan could include measures that ensure a percentage of all affordable housing is allocated to Aboriginal peoples, and include Cultural Safety Guidelines to ensure appropriate and relevant housing options and culturally appropriate support services are available to Aboriginal peoples.

*Recommendation 14: Include a commitment to work directly with and resource Aboriginal housing organisations.*

*Recommendation 15: develop a dedicated National Housing and Homelessness Plan for Aboriginal peoples.*

### **3.2.4. Recommendations**

The National Housing and Homelessness Plan should:

- Ensure that at least 1 per cent of surplus government land is allocated to Aboriginal Housing organisations, in line with Victorian Aboriginal Housing and Homelessness Framework.
- Include a commitment to work directly with and resource Aboriginal housing organisations.
- Develop a dedicated National Housing and Homelessness Plan for Aboriginal peoples.

## 3.3. Social housing

*How can all levels of government, along with housing organisations, institutional investors, not-for-profits, and private industry, improve access to social housing, which includes public housing and community housing?*

### 3.3.1. Underinvestment in social housing

Decades of under-investment in social and affordable housing combined with a growing population, rising housing costs, and the COVID-19 pandemic means there are not enough affordable homes. Only 2.5 per cent of dwellings in Victoria are social and affordable housing. This is the lowest proportion of all states and territories.

Prior to the mid-1990s, the Australian Government played a key role in the delivery of social housing, particularly public housing. The Commonwealth-State Housing Agreement, formed in 1945, saw the construction of 96,000 dwellings over its first 10 years, and accounted for 16 per cent of total dwelling completions between 1945 and 1970 (Pawson et al, 2020).

This contribution had fallen to 3 per cent by the mid-1990s. Since this time, housing costs have increased at a significantly greater rate than wages (discussed in Section 3.4 below). This has resulted in demand for social housing increasing at the same time that supply decreased to its lowest levels in 50 years.

Investment in maintaining and upgrading existing social housing has similarly declined in recent decades, with a 2017 Victorian Auditor General's report indicating substantial improvements to asset management approaches were required.

Research commissioned by the City of Melbourne for our [Affordable Housing Strategy](#) found that in 2016 there was a shortfall of 5,500 affordable homes in our municipality. Without intervention, this shortfall of affordable housing is likely to increase to approximately 23,200 households by 2036.

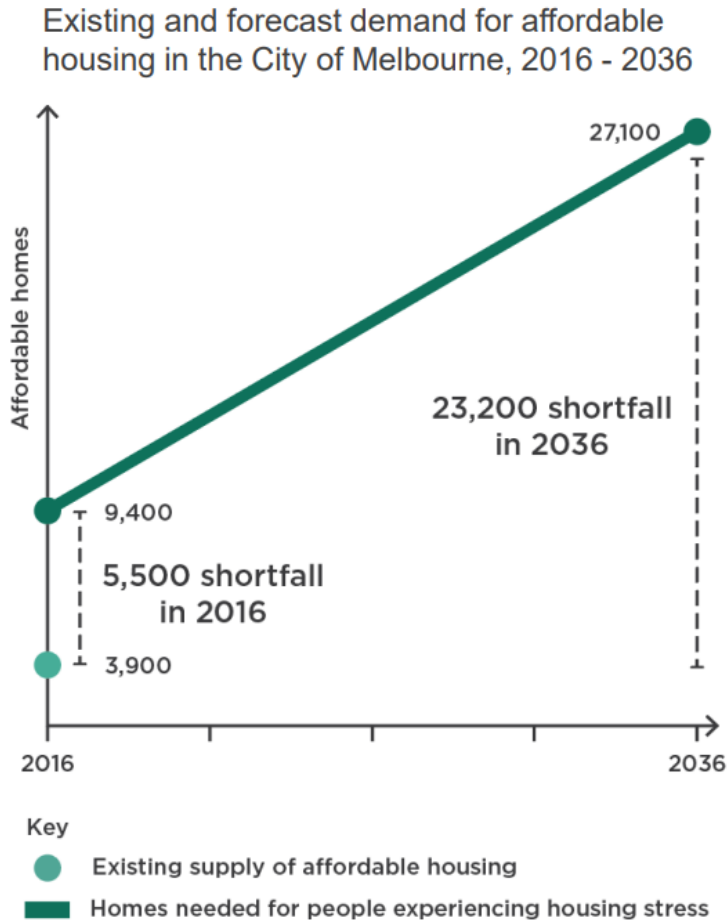
### 3.3.2. Need for social and affordable housing in City of Melbourne

The population of the City of Melbourne is forecast double between 2021 and 2041, reaching 308,000 people. The number of households is expected to increase by 58 per cent to 135,000 over the same period.

There is a severe shortage of affordable housing within the municipality. As shown in Figure 5 below, the gap between demand and supply of affordable housing is significant, and forecast to increase to 23,200 dwellings by 2036.

Despite continued general housing supply, there is growing demand for housing for very low, low and moderate income earners. This is caused by housing and rent prices increasing faster than wages, in combination with lack of government investment in social housing. Therefore, there needs to be a substantial increase in the supply of affordable housing for very low and low income earners, and not only an increase to general housing supply.

**Figure 5: need for affordable housing in City of Melbourne**



Source: SGS Economics and Planning 2019

### 3.3.3. A significant increase to the HAFF and other programs is required

The recently announced Housing Australia Future Fund (HAFF) is welcome and goes some way to meeting the unmet need for social housing. However, the quantum of the HAFF is not sufficient. An estimated 950,000 social housing dwellings (50,000 per year) are needed across Australia (Martin, 2023) by 2041. The HAFF commits to just 30,000 dwellings over five years, and a further 10,000 dwellings are committed under the Accord. This equates to only 8,000 dwellings per year.

The Australian Government has played a much larger role in funding social housing historically, and must do so again in order to meet demand. In addition, the Australian Government collects 81 per cent of total tax revenue in Australia, and therefore has the greatest capacity to fund social housing.

As noted in Section 2.4 above, for every \$1 invested in social housing, there are \$3 in benefits. This is a greater cost-benefit ratio than most infrastructure projects. Conversely, failure to invest has significant costs. This further strengthens the justification for increasing social housing funding at a federal level.

The HAFF and other programs should be ongoing and substantially increased. They should provide funding to Registered Housing Associations for the provision of community housing, and to state governments for the provision of public housing.

*Recommendation 16: Provide ongoing capital and operational funding for Registered Housing Associations to develop housing and build capacity.*

*Recommendation 17: Provide substantial ongoing investment to build new public housing.*

### **3.3.4. Private sector should contribute to social and affordable housing supply**

The private sector plays a critical role in housing supply, and gains substantial benefits from the development of land for housing. Decisions and investments made by governments create financial value (or 'uplift') for landowners and developers, and some of this value should be shared with the broader community in the form of affordable housing contributions.

The positioning of social and affordable housing as essential infrastructure further supports this position. There are existing frameworks and precedents for contributions to other forms of 'essential' infrastructure, including drainage assets, community facilities, open space, and local road networks. Social and affordable housing is essential to communities in the same way that these other forms of infrastructure are.

An attempt by the Victorian Government in 2022 to introduce a levy on development for the purpose of affordable housing was quickly repealed due to backlash from the property sector. The current framework in Victoria requires any affordable housing contribution to be negotiated on a case-by-case basis, and there are significant challenges in securing any contributions in this context (discussed further in Section 3.5.3 below). The recent Victorian Government Housing Statement seeks to encourage the provision of affordable housing in significant developments through access to a fast track decision making process (discussed further in Section 3.5.4 below). This contribution remains voluntary and can be varied by the Minister for Planning.

The National Housing and Homelessness Plan can establish a clear direction for the private sector and its role in social housing supply. It should encourage states and territories to introduce mandatory controls for affordable housing in the planning system, as discussed in Section 3.5.

### **3.3.5. Using government land for social and affordable housing**

There are opportunities to use government-owned land more efficiently and support the delivery of social and affordable housing. Through the National Housing and Homelessness Plan, the Australian Government should undertake a strategic review of its own land and identify and commit land that is appropriate for the development of affordable housing. Other tiers of government should be encouraged to do the same, noting that in Victoria this is occurring at a state and local level already.

Such a proposal has community support in the City of Melbourne. One third of survey respondents selected 'Make more government land available for affordable housing' (Australian Government and Victorian Government land) as their top advocacy item through community engagement on our Affordable Housing Strategy.

It is important that any redevelopment of existing public housing results in a significant increase in stock. Recent programs in Victoria have seen marginal increases, and in some cases, decreases in overall bedroom numbers. These programs saw the privatisation of high-value, well-located public land. The programs displaced residents, and this displacement can significantly impact the mental and physical health of those affected (Kelly and Porter, 2019).

Additionally, at least 1 per cent of total surplus government land allocated for social housing should be allocated to Aboriginal housing organisations (as discussed in Section 3.2.2 above).

*Recommendation 18: Commit to identifying and developing underused Australian Government-owned land that is appropriate for affordable housing.*

*Recommendation 19: Redevelopment of public housing, including mixed tenure developments, should result in a net increase in public housing units and capacity, and should not be driven solely by financial outcomes.*

*Social impacts must be considered, including the need to minimise disruption to and displacement of residents.*

*Recommendation 20: Explore ways for the Australian Government to directly partner with and fund local government to deliver housing projects.*

### **3.3.6. Ensuring consistency and alignment between funding and local requirements**

A specific issue that requires addressing, either through the HAFF, National Plan or the Accord, is the ability for council-owned land to secure federal funding under a leasehold model.

In Victoria, councils are limited by the *Local Government Act* to offering leases of a 50-year maximum term. We have been advised that this lease term does not meet the funding requirements of the HAFF. This may limit the ability of councils to contribute land for social and affordable housing and should be addressed.

It is important that such issues are identified and resolved through the National Plan.

*Recommendation 21: Ensure federal funding requirements do not present a barrier to the use of council-owned land for affordable housing, for example, the misalignment between the new Housing Australia Future Fund requirements and the maximum lease term of council land under the Local Government Act 2020 [Vic].*

### **3.3.7. Recommendations**

The National Housing and Homelessness Plan should:

- Provide ongoing capital and operational funding for Registered Housing Associations to develop housing and build capacity.
- Provide substantial ongoing investment to build new public housing.
- Commit to identifying and developing underused Australian Government-owned land that is appropriate for affordable housing.
- Redevelopment of public housing, including mixed tenure developments, should result in a net increase in public housing units and capacity, and should not be driven solely by financial outcomes. Social impacts must be considered, including the need to minimise disruption to and displacement of residents.
- Explore ways for the Australian Government to directly partner with and fund local government to deliver housing projects.
- Ensure federal funding requirements do not present a barrier to the use of council-owned land for affordable housing, for example, the misalignment between the new Housing Australia Future Fund requirements and the maximum lease term of council land under the Local Government Act 2020 [Vic].

## 3.4. Housing costs, home ownership and private rental

*What should governments, private industries, the not-for-profit and community sectors focus on to help improve access to housing and housing affordability in the private market?*

### 3.4.1. Structural affordability challenges

Over the past three decades, house prices have grown at a much faster rate than household incomes. In the three decades to 2020, house prices across Australia tripled, while wages increased by only 50 per cent (Pawson et al, 2020). This problem is exacerbated in capital cities, particularly Sydney and Melbourne.

The increased cost of home ownership has created a structural affordability issue that is worsening over time, impacts on households across the spectrum and particularly impacts those who are young and/or on low incomes. The increased cost of home ownership has resulted in a steady decrease in rates of home ownership in Australia since 1985 (except for those aged over 65) (Pawson et al, 2020). Households are renting for longer, purchasing homes later in life or not at all, and increasingly relying on family wealth to enter the housing market. This places greater stress on the rental market, and impacts lower-income households most prominently. The *Homes Victoria Rental Report: March Quarter 2023* shows that just 0.7 per cent of new lettings in the City of Melbourne are affordable to households on Centrelink incomes.

The situation in the City of Melbourne as at the 2021 Census is shown in Table 1 below. The rate of home ownership in the City of Melbourne is less than half that of Greater Melbourne and Australia, and the number of households spending more than 30 per cent of their income on housing costs is higher.

**Table 1: City of Melbourne housing tenure breakdown**

	City of Melbourne	Greater Melbourne	Australia
Owned home outright	13.6	29.7	31
Owned home with mortgage	16.4	37.1	35
Rental housing	67.2	30.8	30.6
Rental households spending more than 30 per cent of income on rent	36	30.9	32.2
Households with mortgage spending more than 30 per cent of income on repayments	19.8	16.8	14.5

Source: ABS data 2021

### 3.4.2. Existing government tax incentives are untargeted and inequitable

Existing Australian Government incentives, particularly negative gearing and capital gains tax concessions, largely increase demand for housing, while doing little to increase supply. These incentives also tend to favour established homeowners and investors and treat housing as an investment rather than shelter.

It has been widely reported that the first homeowners grant has increased the cost of housing thus exacerbating the problem it is intending to solve. Other incentives are not targeted to new dwellings and therefore do not contribute to increasing supply.

Estimates of the cost to government of tax concessions to property investors can be difficult to measure, but in 2022-23, it was estimated that negative gearing and capital gains tax concessions cost the Australian

Government \$12.7 billion in foregone revenue. This figure is expected to increase to \$20 billion by 2032. Other analysis shows that 56 per cent of negative gearing benefits flow to the top 10 per cent of income earners. These tax incentives are untargeted, inequitable, and increase house prices.

The National Housing and Homelessness Plan should address this inequity and ensure government concessions are targeted towards very low to moderate income earners. A review of the tax incentives and concessions is required. Such a review should ensure that any concessions are targeted (for example, they help to increase supply by applying only to new dwellings) and equitable (for example, they are directed to those in need of housing assistance).

*Recommendation 22: Review and reform tax and regulatory structures to address housing inequity. The holistic review and reforms should seek to:*

- *Reduce land and housing speculation and redistribute tax incentives to improve the supply of quality housing for owner-occupiers.*
- *Increase diversity in the housing market by encouraging a range of public, not-for-profit and other alternative delivery models.*
- *Consider and evaluate options to encourage institutional investment (e.g. superannuation) in affordable housing.*

### **3.4.3. The need for improved outcomes for renters**

Despite the significant incentives and subsidies flowing to private landlords, the private rental market in Australia is increasingly unaffordable. The City of Melbourne has a large proportion of renters (67 per cent of all households), and it is estimated that 36 per cent of these households are in housing stress. Rents continue to increase at a greater rate than wages. Rents have increased by 15.7% over the last 12 months (DFFH, 2023), while wages have grown by only 3.6% (ABS, 2023).

In Victoria, recent reforms to the Residential Tenancies Act aim to improve standards for renters. These reforms included establishing minimum standards, enabling renters to make modifications to dwellings, and removing no-fault evictions. Consideration should be given to requiring other states to adopt similar legislation to that in Victoria to improve outcomes for renters. However, these reforms do not address the lack of affordability within the private rental market.

### **3.4.4. The emerging build to rent sector requires regulation**

The build to rent (BTR) sector is an emerging typology in Australia. BTR refers to development that is purpose-built for rental accommodation and managed by a professional landlord. Developments are usually high-density and in well-located areas, and often include shared amenities and facilities such as workspaces, gyms, or meeting spaces. Melbourne is the BTR capital of Australia, with 59 per cent of the national pipeline planned for the city (JLL, 2022).

The benefits of BTR include potential for long term leases, higher quality-built form outcomes, consistency in tenancy management, and on-site amenities.

BTR is often promoted as a solution to the rental crisis. In the current policy environment this is unlikely to be the case. BTR developments within the City of Melbourne generally advertise higher rents than the broader market and are advertised as “luxury” housing products. Council has faced significant opposition from landowners to the delivery of affordable housing within BTR, due to the purported challenges in managing different tenure types and the desire for maintenance and management to be under the remit of one organisation.

BTR developments benefit from significant tax incentives at both a state and federal level. In Victoria, the state level incentives are dependent upon providers offering all tenants three-year leases. Subject to appropriate implementation measures, this ensures BTR provides longer-term rental options and could be considered in other states. Consideration could also be given to requiring particular outcomes be delivered in order for projects to receive federal incentives (for example, a portion of affordable housing could be required in order to receive tax concessions).

At a local level in Victoria, BTR developments do not trigger contributions to open space, providing a further, significant concession to landowners. In this instance, demand for open space is increased by new BTR residents, but there is no contribution to Council to improve or upgrade open space infrastructure.

BTR developments benefit from significant concessions but do not generally provide affordable housing outcomes, or make sufficient contributions to open space levies. The regulation of the sector requires review to ensure that these developments are providing community benefit that is commensurate with the incentives and subsidies they are afforded.

Currently, there is no formal definition of build to rent developments in Victorian planning schemes. Unlike regular dwellings, residential hotels or residential villages, this means that the Victorian Government cannot currently make planning policy that directly applies to build-to-rent developments – for example, to prevent their sale and immediate subdivision.

The City of Melbourne proposes a BTR definition be developed to address this. This would allow state and local governments to make policies specific to build-to-rent developments (for example, to require a percentage of affordable housing in certain BTR developments), and would provide greater security of tenure for renters. A definition of BTR has already been introduced in New South Wales. This has allowed the New South Wales Government to apply a range of controls to BTR housing, including to prevent its subdivision for 15 years, and to introduce a state significant development pathway for certain larger BTR projects.

*Recommendation 23: Establish a definition of Build to Rent housing or encourage the establishment of such a definition by State Governments to link the land use and this housing delivery model with appropriate public policy and regulation.*

### **3.4.5. Regulating short stay accommodation**

As acknowledged in the Issues Paper, the increased prevalence of short-term rental accommodation (STRA) has impacted on the availability of long-term rental housing in some areas. This is a significant issue in the City of Melbourne, where an estimated 4,100 dwellings are STRA. These are dwellings that might otherwise be available on the private rental market.

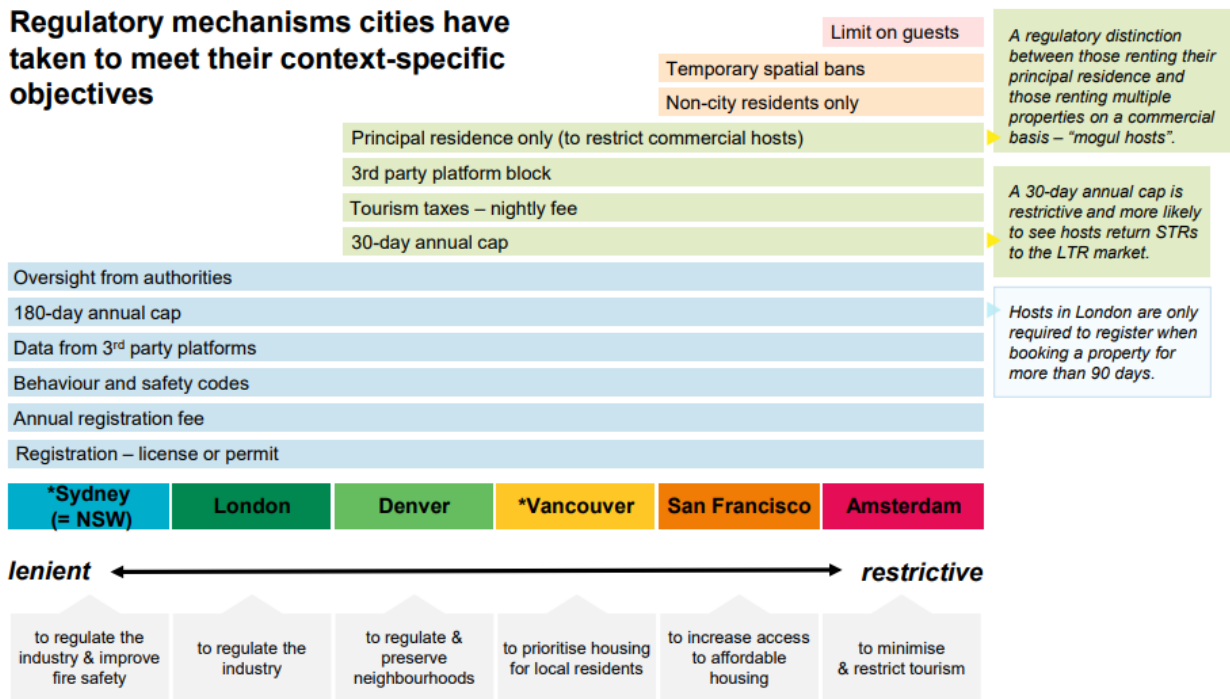
To address this, Council recently established a policy position and work to track and regulate the STRA industry. Council is seeking to introduce a local law that would introduce a registration fee and place a 180 day-per-year cap on properties. Data will be collected to test the policy aspiration.

STRA has emerged rapidly and is aided by technology platforms. The objectives of regulating STR include protection of rental housing, prevention of commercial STRs, address nuisance and ensure safety, and to regulate and monitor the industry.

The approach taken by City of Melbourne is lenient when considered in a global context. Figure 6 below shows the various approaches taken by governments around the world in response to this issue (further information available [here](#)) Singapore has introduced a total ban on STRA.

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Figure 6: spectrum of STRA intervention in different countries



Source: City of Melbourne, 2023

The Victorian Government has recently introduced a 7.5 per cent levy on STRA through its recent Housing Statement. While this will raise much-needed funds for Homes Victoria, it does not restrict the days per year that a property can be rented for. This means that such properties could be less likely to be added to the long term rental market.

The impact of STRA varies around Australia, which means local governments need to be empowered to impose regulations that respond to local issues and needs. In some areas, STRA does not exist at a scale that is problematic, while in others STRA may provide tourism benefits that outweigh housing impacts. Conversely, in the City of Melbourne (and other locations), STRA exists in significant numbers and has impacts on access to long-term rental housing as well as neighbourhood amenity. In our municipality, 88 per cent of STRA properties are one and two bedroom dwellings that could contribute to supply of private housing, either for rent or purchase. Central city, inner-urban and rural jurisdictions require different regulatory models and policy levers to shift short-term rental accommodation into long-term homes.

This means that, while State and Federal Government can play a role in regulating the STRA industry, it is particularly essential that local governments are supported to play a role in the regulation of STRAs in their municipalities.

*Recommendation 24: Address the impact of the Short Term Rental Accommodation (STRA) sector, including by enabling local governments to introduce regulations that respond to unique STRA operating environments in their local communities. .*

## 3.4.6. Recommendations

The National Housing and Homelessness Plan should:

- Review and reform of tax and regulatory structures to address housing inequity. The holistic review and reforms should seek to:
  - Reduce land and housing speculation and redistribute tax incentives to improve the supply of quality housing for owner-occupiers.
  - Increase diversity in the housing market by encouraging a range of public, not-for-profit and other alternative delivery models.
  - Consider and evaluate options to encourage institutional investment (e.g. superannuation) in affordable housing.
- Establish a definition of Build to Rent housing or encourage the establishment of such a definition by State Governments to link the land use and this housing delivery model with appropriate public policy and regulation.
- Address the impact of the Short Term Rental Accommodation (STRA) sector, including by enabling local governments to introduce regulations that respond to unique STRA operating environments in their local communities.

## 3.5. The importance of planning, zoning and development

*How could governments work better with industry, community services and other organisations to improve housing outcomes for all Australians?*

### 3.5.1. The contested role of land use planning

Planning seeks to ensure that land use and built form outcomes deliver a net community benefit. It provides guidance to landowners and communities as to what is an appropriate outcome in a particular location. Done well, planning creates transparency in decision-making and enables community participation in land use and development, and plays an important role in public education. It balances competing objectives for the use of land, for example between heritage preservation and urban intensification.

In addition to balancing competing objectives, planning balances the competing interests of stakeholders, including developers, statutory authorities, neighbouring property owners and the broader community. Different stakeholders are affected by planning decisions differently, and as such their views of the planning system can be opposed to one another (Pawson et al, 2020). The same planning decision may be viewed as overly lenient by some (by allowing too much development) and overly restrictive by others (by unduly restricting development). Developers may seek certainty from the planning system at certain points, and flexibility at others.

It follows that public discussions on land use planning reflect this contention. Land use planning has received significant attention in housing supply discussions, being frequently criticised as adding unnecessary time delays, costs and requirements upon development. In such discussions, a solution to the housing crisis is to “reduce red tape”<sup>2</sup> and speed up approval processes for new dwellings. It is asserted this would increase supply and reduce housing costs. Such criticisms and assertions need to be assessed against the evidence and data available.

While planning plays an important role in facilitating housing supply, alone it is neither the cause of nor solution to the housing crisis. Newly built homes (those impacted by the current planning system) account for around 2 per cent of homes entering the Australian housing market in any given year (Pawson et al, 2020). Even if new supply were to double, it is unlikely that the cost of housing in the broader market would decrease. A 2005 estimate of the UK housing market indicated that if supply doubled, the *increase* to house prices over the long term would be 1.1 per cent, rather than 2.7 per cent (Pawson et al, 2020).

In developing the National Housing and Homelessness Plan, the Australian Government should acknowledge and account for the vested stakeholder interests and ensure any recommendations in relation to the planning system are balanced, evidence based and focus on increasing the supply of social and affordable housing.

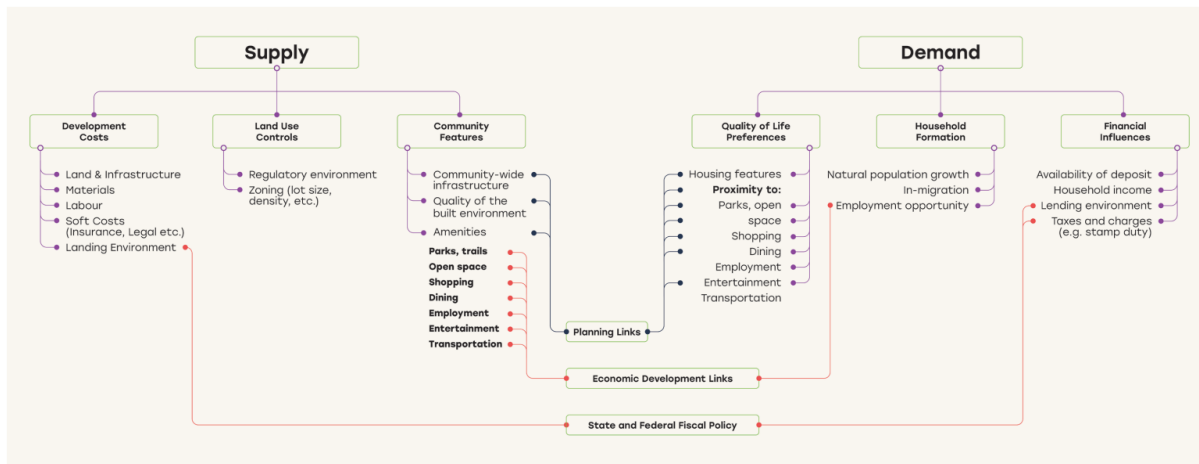
### 3.5.2. Market conditions drive housing supply

Planning permission does not equate to dwelling supply, as other factors must also support the delivery of development at a particular point in time, most notably, market conditions. The supply of housing is influenced by many factors, including market conditions, supply chains, construction costs, labour supply, levies and charges, and financial settings (refer Figure 7 below). The Issues Paper focuses on planning, zoning, and development, while failing to adequately acknowledge these broader influences and the primary motivation of developers to deliver a profit on any given project.

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<sup>2</sup> Noting that the Victorian Government established the “Red Tape Unit” and appointed a “Red Tape Commissioner” in 2019.

**Figure 7: factors influencing housing supply and demand**



Source: SGS Economics and Planning 2023

In order for new dwelling supply to increase overall market affordability, developers would need to voluntarily increase supply to the extent that the value of their product is reduced. Given developers carry significant risk and are usually required to demonstrate a profit margin of 15-20 per cent to secure finance, any decision to actively reduce the value of their product could increase project risk and decrease profit margins. Some developers are publicly listed companies and therefore seek to ensure returns to shareholders are protected and maximised.

New dwellings will be brought to market by a developer when it is profitable for them to do so. A study of master planned communities in 2022 demonstrated that developers supplied an average of 3.4 per cent of approved dwellings each year, and after 9.5 years held 76 per cent of their land bank vacant. One developer reported to investors that they were able to sell more dwellings but were unwilling to do so at a reduced price, instead waiting for market conditions to improve (Fitzgerald, 2022).

In the City of Melbourne, there are an estimated 20,000 dwellings with planning approval that have not been constructed. This is almost half of the dwellings required to accommodate the City’s population growth to 2041. The Municipal Association of Victoria (MAV) has reported that across Victoria, there are 120,000 approved dwellings that have not been constructed.

The assertion that making planning permit processes quicker or easier will improve housing affordability does not have a strong evidence base.

### 3.5.3. Challenges in securing affordable housing through the planning system

The planning system has a role in facilitating the supply of social and affordable housing and can be used to require contributions from developers to such housing. This is frequently referred to as “inclusionary zoning” and exists in many jurisdictions.

In Victoria, facilitating the supply of affordable housing was made an objective of planning in 2018. This was part of a suite of changes designed to encourage voluntary contributions to affordable housing from private developers. Despite these, the planning system has failed to secure significant contributions to affordable housing, and the voluntary framework receives criticism from councils and developers alike.

In a recent example from the City of Whittlesea, Council advocated for inclusion of an affordable housing target within the Precinct Structure Plan (PSP) for Shenstone Park. This was not supported by the independent panel, and instead a guideline to encourage the provision of affordable housing was included.

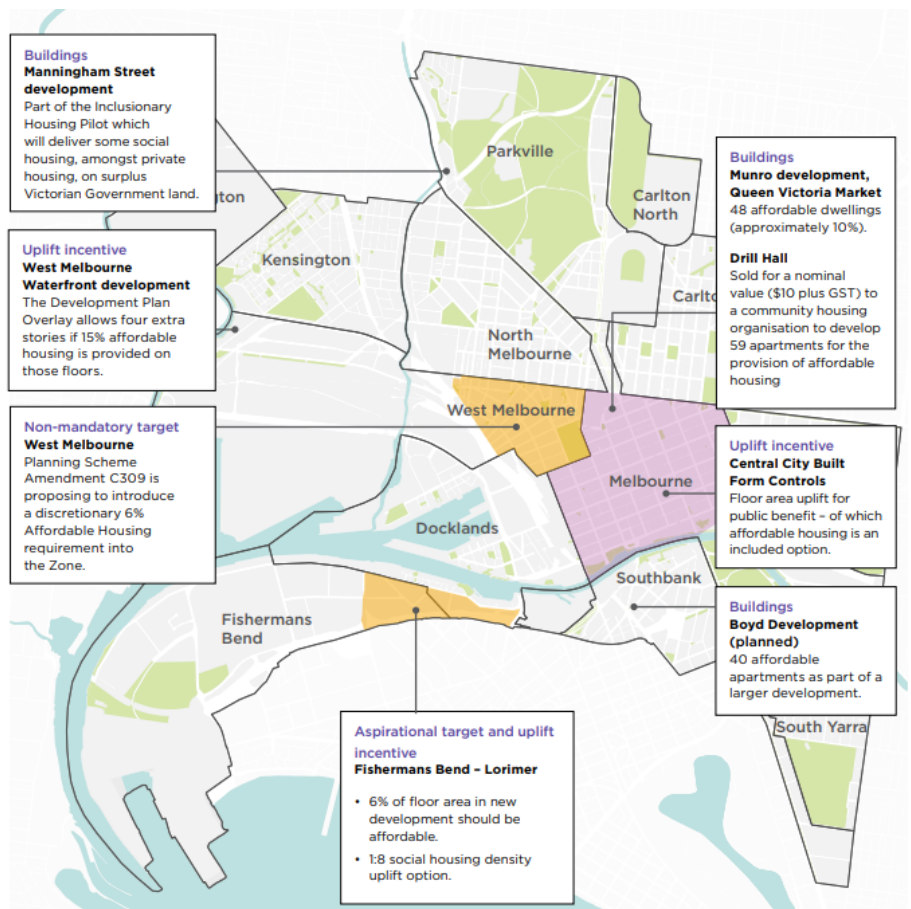
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This lacked detail and Whittlesea City Council raised that there could be challenges in implementation. At planning permit stage, Whittlesea City Council included a 10 per cent affordable housing requirement, which the developer originally agreed to but then walked away from. The developer appealed the decision at VCAT, where it was struck out. The VCAT decision (960 Blueways Development Pty Ltd v Whittlesea CC [2023] VCAT 179) indicated that the lack of an objective/requirement in the PSP undermined the policy support for an affordable housing requirement. In this example, at both stages of the planning process (strategic and statutory), Whittlesea City Council's attempts to have a clear affordable housing outcome were not supported.

Even where there is agreement between developers and councils (or another responsible authority), there is reluctance from the Victorian Government to impose requirements in the planning scheme. This results in a lack of clarity around the contribution, and confusion for all parties in implementation. Council understands that developers seek certainty in requirements as early as possible, and the ambiguity surrounding voluntary contributions causes unnecessary complexity.

The City of Melbourne has had some success in introducing incentives and objectives for affordable housing in the planning scheme, as shown in Figure 8 below. These controls are not mandatory and generally provide incentives in exchange for affordable housing provision. Council has seen mixed success in the uptake of these controls by developers. In general, Council's experience is that where there is greater certainty in the planning controls, better outcomes are delivered. A mandatory tool, such as inclusionary zoning, would resolve these inconsistent outcomes.

**Figure 8: affordable housing controls in the City of Melbourne**



Source: City of Melbourne, 2020

In the planning controls for the Arden urban renewal area, Council sought the introduction of mandatory controls for affordable housing. The advisory committee appointed to review the proposed controls supported this measure, subject to establishing the legal power to do so under relevant legislation. Mandatory controls were not supported by the Minister for Planning and an 'aspirational' target was included. This was an opportunity to secure a significant contribution to affordable housing that was not implemented by the Victorian Government.

In another example, the Victorian Government has sought to trial inclusionary zoning through a program called the "Inclusionary Housing Pilot". The pilot identified six government owned sites for release to the private sector, on the condition that 100 affordable homes being delivered across the sites. Despite the objective of the pilot being to test an inclusionary approach, as far as Council is aware, the planning controls for the sites do not require the provision of affordable housing. No information has been provided regarding the quantum of affordable housing being delivered on each site, or how the findings of the pilot could be applied more broadly. In addition, the planning process commenced in 2017, with construction due to commence in 2018. The sites are still not developed.

In summary, the efforts of councils to secure affordable housing through the planning system are stymied by the voluntary framework and lack of support from the Victorian Government.

Effective use of the planning system for affordable housing delivery also requires consistent definitions of key terms. The term "affordable housing" has many different interpretations, and meanings vary across jurisdictions. In Victoria, affordable housing and social housing are defined under legislation. There are emerging typologies and concepts (such as BTR and Key Worker Housing) that are not defined within the planning system, which makes their implementation challenging. Providing consistency of key terms would enable more effective implementation and also ensure that housing outcomes are targeted based on household incomes.

*Recommendation 25: Require State Governments to introduce mandatory inclusionary zoning to facilitate affordable housing contributions from private development.*

*Recommendation 26: Ensure policy consistency in definitions of social, affordable and key worker housing in planning schemes to ensure outcomes delivered are targeted to those most in need on very low to moderate incomes.*

### **3.5.4. Areas for improvement**

Building on the above, areas for improvement in the planning system include mandatory inclusionary zoning, fast-tracking affordable housing without compromising design outcomes and proper process, and timely consideration of planning scheme amendments by the Victorian Government. These are discussed below.

The current voluntary framework for affordable housing contributions is not delivering the housing required. The City of Melbourne's position is that Mandatory Inclusionary Zoning should be introduced. Our suggested approach is as follows:

- A minimum percentage of affordable housing should be introduced across all of Victoria, with consideration given to mandate higher percentages for urban renewal areas.
- Phased introduction to allow the property market to adjust and incrementally increase over time.
- Applied to multiple land use types including residential, commercial and some industrial land. Percentages may vary based on land use, reflecting the notion that affordable housing is essential infrastructure and therefore all land uses should contribute to its provision.

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- Calculated as an equivalent percentage of net developable floor area.
- Transferred at minimal cost to a registered housing organisation.
- For dwellings to be designed to be indistinguishable from market housing.

In relation to fast-tracking affordable housing proposals, we note the Victorian Government's recent Housing Statement introduces significant reforms, including 'fast track' processes for applications that deliver 10 per cent affordable housing and are of \$50 million or greater in value. While Council welcomes efforts to improve housing affordability, the broad removal of councils and communities from planning decision making threatens the integrity of the planning system and could result in worse outcomes.

The new particular provision introduced to all planning schemes by the Victorian Government on 20 September 2023, "significant residential development with affordable housing", makes the Victorian Planning Minister the decision-maker over planning applications and also makes otherwise mandatory built form requirements discretionary. Controls like this, that are applied across a metropolitan area, disproportionately capture a large proportion of planning applications in the central compared to other inner-urban suburbs, due to the higher cost and significantly greater scale of building in the central city.

These controls may have the effect of removing the limit on the potential yield of the site, which could have implications for the price of land. These implications, and the extent to which they may overshadow any benefit generated through the 10 per cent affordable homes requirement, are unknown, given the State made the changes without publishing adequate strategic justification or economic modelling to support those changes. As such, the effect of the new particular provision on housing affordability and land price should be measured and analysed, in order that government, industry and the public may be confident that the provisions are fulfilling their objective.

The new particular provision also transfers decision-making authority from a (usually) public forum (the Council chamber) to a private forum (the Minister's office). The experience of the City of Melbourne is that the quality of planning applications, and the public benefits associated with those applications, tend to be substantially higher when the application is subjected to a public process with the prospect of scrutiny by the media. It is entirely possible for 'fast-track planning pathways' to be created without losing public scrutiny over the making of the decision and the benefits that come from that public scrutiny, but the "significant residential development with affordable housing" falls short of that standard.

Local government is the closest tier of government to the community and has the greatest capacity to consider local planning applications and ensure community expectations, aspirations and values are incorporated into how the built environment is shaped. Local governments are also best equipped to generate community trust and understanding of the objectives of federal and state housing strategies as they apply to local communities. As such, the City of Melbourne believes that local governments are best equipped to assess and determine planning permit applications. As noted above, the Victorian Government is increasingly intervening in local planning matters. This intervention must not be done at the expense of local government input, community input and transparent decision-making. Local governments must retain a formal role in decision-making in these circumstances.

The City of Melbourne also acknowledges, based on our experience as a capital city council, the unique context, economic importance and significant development opportunities in the central city and other hyper-dense locations. Developments in these locations can be of a scale and impact that is of state and/or national importance, while also significantly impacting local neighbourhoods. Given this importance and impact, it is critical that local governments be involved in significant planning decisions.

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The City of Melbourne supports fast tracking permit applications for developments that provide at least 25 per cent affordable housing, subject to minimum standards of transparency and accountability over the making of those decisions, and stands ready and able to process such applications swiftly and efficiently.

Improvements to the planning system need to consider both the local and state government level. The City of Melbourne, and other councils, experiences significant delays in the approval of planning scheme amendments (requests to amend existing planning controls) by the Minister for Planning. One proposal, the planning scheme amendment that implements the Macaulay Structure Plan, has been sitting with the Minister for over 12 months. The changes proposed under this planning scheme amendment would unlock significant capacity for new housing and, if supported, increase affordable housing supply.

*Recommendation 27: Support and encourage fast-track processes for developments that provide more than 25 per cent affordable housing.*

*Recommendation 28: Ensure local governments remain the primary decision maker in local planning matters. Where the Victorian or Australian Government is decision maker, ensure meaningful input from local governments and communities, as well as adherence to agreed minimum standards of consultation and transparency in decision-making. This is particularly important where the scale and impact of development is of local and state/national significance.*

## **3.5.5. Recommendations**

The National Housing and Homelessness Plan should:

- Require State Governments to introduce mandatory inclusionary zoning to facilitate affordable housing contributions from private development.
- Support and encourage fast-track processes for developments that provide more than 25 per cent affordable housing.
- Ensure local governments remain the primary decision maker in local planning matters. Where the Victorian or Australian Government is decision maker, ensure meaningful input from local governments and communities, as well as adherence to minimum agreed standards of consultation and transparency in decision-making. This is particularly important where the scale and impact of development is of local and state/national significance.
- Ensure policy consistency in definitions of social, affordable and key worker housing in planning schemes to ensure outcomes delivered are targeted to those most in need on very low to moderate incomes.

## 3.6. The impact of climate change

*How can governments and the private and community sectors, help to improve sustainable housing and better prepare housing for the effects of climate change?*

### 3.6.1. Climate and biodiversity emergency

City of Melbourne declared a climate and biodiversity emergency in 2019. In doing so, we joined around 1400 jurisdictions across 27 countries – a local and international movement recognising that climate change poses serious risks to the people of Melbourne and Australia. The emergency acknowledges that temperature rise above 1.5°C will lead to major and irreversible damage to ecosystems. Up to one million species face extinction.

From the banks of the Yarra to the trees that line our streets and world-famous parks, Melbourne's unique environment and coveted liveability are at risk from the effects of the climate change. In fact, we know climate change is [already impacting Melbourne](#) in many ways.

We know that immediate action to reduce emissions and adapt to the impacts is needed now if Melbourne is to remain a liveable city for future generations to visit, work and live in.

Council is taking bold action in response to the climate and biodiversity emergency. We are reducing emissions in our own operations through our [Emissions Reduction Plan](#) and more broadly through our [Climate Change Mitigation Strategy to 2050](#). We have undertaken research and implemented actions to better understand and prepare for local impacts of climate change, as outlined in our [Climate Change Adaptation Strategy](#).

### 3.6.2. Improving the sustainability of new housing stock

As acknowledged in the Issues Paper, the primary mechanism for controlling construction standards is the National Construction Code (NCC). Changes to energy efficiency requirements in the NCC introduced in 2022 are welcome but do not go far enough, particularly for apartments. CSIRO has shown that most Victorian apartments are already meeting the 7 star NatHERS requirement, while around 30 per cent are rated 7.5 stars.

The NCC should require a minimum 7.5 star rating and test the viability of 8 stars to provide better performing buildings, that are more comfortable, lower cost operationally, that can become zero net energy and are future proofed for changes in climate.

New state and local planning provisions are also necessary to ensure that new developments are designed with sustainability in mind. The City of Melbourne has recently exhibited Planning Scheme Amendment C376 - Sustainable Building Design, which proposes changes to the planning rules to ensure future development achieves best practice in Environmentally Sustainable Design including increased energy efficiency and greening of buildings. The Amendment proposes performance standards for energy, waste, water, transport, urban heat and urban ecology. Introducing these new regulations at the planning stage will ensure all new buildings in Melbourne are designed from the get-go to meet, and exceed NCC requirements, and avoid costly non-compliances at the building stage. To this end, the City of Melbourne would welcome Federal Government support for municipalities to exceed NCC requirements where it is practical and desirable to innovate ahead of the national standards. Our nation's state capitals are the perfect places to do so.

*Recommendation 29: strengthen energy efficiency requirements in the NCC, and establish a target for zero-emissions, climate-adapted new buildings and precincts by 2030, while enabling other levels of government to develop policies and regulations that address this target.*

### 3.6.3. Improving the sustainability of existing housing stock

Council welcomes the announcement of the Household Energy Upgrades Fund, and the \$300 million allocated to social housing. While significant, more investment is required to retrofit existing dwellings, particularly for low to moderate income households. Extreme weather events, particularly heat waves, can have significant health impacts on households.

Low income households are particularly susceptible to the impacts of extreme weather events, and may face limitations on being able to heat and cool their homes. Much of the public housing stock around the country is ageing, poorly maintained and does not meet contemporary energy efficiency standards. The Victorian Government requires funding to retrofit the social housing stock in our municipality to upgrade insulation, glazing and facades. While a commitment has been made to roll out air-conditioning to at risk housing, the costs of running air-conditioning in poorly functioning buildings is likely to be a barrier to those who cannot afford the running costs. International examples of retrofits of social housing towers should be used to guide best practice, such in [Bordeaux](#).

Tax concessions, disclosure regulation and incentives could be considered to encourage homeowners, particularly investors, to retrofit existing dwellings. Such measures are particularly important given the increasing prominence of rental households, the restrictions on renters making modifications to dwellings, and the separation of incentives between landlords and renters (i.e. the landlord has control of the dwelling but the renter incurs the energy costs).

The City of Melbourne has recently endorsed a [Retrofit Melbourne Plan](#), which outlines a series of initiatives to encourage the retrofit of central city commercial buildings for sustainability and energy-efficiency. Such a program could be adapted to residential buildings.

*Recommendation 30: provide consistent long-term increased funding to retrofit and upgrade social and affordable housing stock.*

### 3.6.4. Resilience in extreme weather

Homeless populations, particularly those that are rough sleeping, are particularly vulnerable to extreme weather events. City of Melbourne provides tailored support and respite options for people experiencing primary homelessness during extreme weather.

The National Housing and Homelessness Plan should acknowledge and address the relationship between homelessness and susceptibility to heat vulnerability, and the importance of resilient cities. Such an approach influences policy and programs beyond the housing and homelessness sector.

*Recommendation 31: fund local infrastructure and nature-based solutions required for resilience to extreme weather and community led resilience initiatives with a focus on vulnerable communities including those experiencing homelessness.*

### 3.6.5. Recommendations

The National Housing and Homelessness Plan should:

- Strengthen energy efficiency requirements in the National Construction Code, and establish a target for zero-emissions, climate-adapted new buildings and precincts by 2030, while enabling other levels of government to develop policies and regulations that address this target.
- Provide increased funding for the retrofit and upgrade of social and affordable housing for heat and health.

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- Fund local infrastructure and nature-based solutions required for resilience to extreme weather and community led resilience initiatives with a focus on vulnerable communities including those experiencing homelessness.

## APPENDIX A – CITY OF MELBOURNE RESPONSE TO HOMELESSNESS

The City of Melbourne has invested in a range of initiatives to support individuals experiencing homelessness in our city and to resource pathways out of homelessness.

### **Advocacy**

#### **Homelessness Advisory Committee**

City of Melbourne's Homelessness Advisory Committee brings together people with broad and diverse knowledge and experience of issues relating to homelessness. It provides an essential point of contact between the Council and people with personal and professional experience and knowledge of homelessness.

#### **Council of Capital City Lord Mayors**

Homes Melbourne chairs the National Housing and Homelessness Working Group for the Council of Capital City Lord Mayors. This group leads the development of the housing and homelessness action plan and advocacy agenda and provides expert advice to capital city CEOs and Lord Mayors.

### **Research and engagement**

Homes Melbourne leads an international network of cities committed to sharing knowledge and approaches to addressing homelessness and undertakes research projects on emerging issues and trends in the city.

### **Outreach**

#### **Operation Protocol**

Operation Protocol is a partnership outreach program between City of Melbourne, Victoria Police and the Salvation Army. It aims to balance supporting people experiencing homelessness while maintaining safety and amenity in the city.

#### **Park rangers**

As well as keeping parks and public spaces clean and maintained, the park rangers have adopted a welfare role, referring people sleeping rough to outreach and homelessness services.

#### **Daily Support Team**

The daily support team works with people sleeping rough through referrals to services providing coordinated housing and health intervention. We are the first council in Victoria to have an in-house assertive outreach team.

### **Support and partnerships**

#### **Melbourne Service Coordination Project**

The Melbourne Service Coordination Project, in partnership with Homes Victoria, brings together 17 agencies working with people sleeping rough in the CBD. The project provides a platform that helps achieve four outcomes to reduce homelessness: coordinated service delivery, information sharing, housing outcomes and systems-level advocacy. It provides a tailored response for people experiencing homelessness.

#### **By Name List**

City of Melbourne and Launch Housing lead the By Name List, which gathers data about homelessness in the municipality. The By Name List is the most accurate, complete and timely list possible of all individuals experiencing rough sleeping in the City of Melbourne. It is an efficient method for monitoring outcomes for people experiencing rough sleeping homelessness. The support services involved in the Service Coordination Project add consenting people to the By Name List and link people to support and provide pathways out of homelessness.

#### **Library Social Worker**

In an Australian-first, our dedicated Library Social Worker supports people experiencing homelessness and other complex needs in the municipality. Working across the six City of Melbourne libraries, the Library Social Worker helps library staff understand and respond to homelessness and work with people with multiple and complex needs.

## **The Helping Out Guide**

We publish and distribute the annual Helping Out guide, which provides a comprehensive list of free and low-cost services from organisations in the central city and surrounding suburbs.

## **Homelessness Support Hubs**

This pilot examines homelessness support hub sites for people to access essential support services, including food, showers, lockers, information, housing and homelessness advice, and improved access to specialist homelessness services within the CBD.

## **Support for grassroots organisations**

Many informal, grassroots organisations operating in Melbourne provide mobile support services to people sleeping rough or experiencing homelessness and poverty, including meals, clothing, bedding, shower and laundry facilities. We provide these groups with training and resources to provide the best outcomes for the people they support.

## **Community grants**

We provide annual and two-year grants to fund community connection, social inclusion, access and participation for residents.

## **Extreme weather planning**

Our program provides tailored support and respite options to people experiencing primary homelessness during extreme weather.

## **Funding**

We contract the following organisations to prevent homelessness:

- The Salvation Army Melbourne Project 614 supplies meals, clothing, and counselling to support people at risk of homelessness.
- Melbourne City Mission's Frontyard Youth Services provides emergency accommodation, case management and support for young people experiencing homelessness.
- Cohealth Central City Community Health is a service for people experiencing homelessness. It provides dietitian services, drug and alcohol counselling, allied health, and mental health services. It is a unique service and one of the only community health services dedicated to helping people experiencing homelessness.
- Justice Connect's Women's Homelessness Prevention Project keeps women and children safely housed through integrated legal and social work assistance. It is the only service of its type in Victoria and successfully prevents and reduces housing insecurity.

## **Housing**

### **Make Room**

Make Room is a unique partnership between City of Melbourne, the Victorian Government, housing providers, and corporate and philanthropic organisations. We are converting a Council-owned building at 602 Little Bourke Street – valued at \$12 million – into specialist supported accommodation for people experiencing homelessness and sleeping rough. Unison Housing, a registered community housing provider, is refurbishing the property, including up to 50 studio apartments, living areas, wraparound support, and a social enterprise. Residents will stay for up to 12 months or until they are connected with long-term housing.

### **Ending homelessness targets**

Our Council Plan 2021–25 commits City of Melbourne to reduce economic and social inequality by ensuring universal access to housing, core services and information. It includes the following homelessness targets:

- The number of people sleeping rough who have not been offered accommodation. Target: zero.
- The number of people supported through a range of accommodation, including long-term supportive housing and affordable housing. Target: 500 (by 2025).

## **Training and inclusion**

### **Connect Respect training**

This free online training program supports businesses to build their understanding and support their response to homelessness in the city. We developed Connect Respect with the Council to Homeless Persons and local

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businesses to address business concerns about the impact of rough sleeping on their operations and the safety of staff and customers.

## **Voice of people with lived experience**

Consumer participation is a fundamental component of our homelessness response. In partnership with Council to Homeless Persons' Peer Education and Support Program, we ensure that people with a lived experience of homelessness meaningfully inform the development of policies and initiatives that impact the lives of people without a home.

## **Cultural safety guidelines**

We are developing cultural safety guidelines to inform housing projects. They will support our housing projects to be culturally safe places, with strategic design considerations underpinned by Aboriginal perspectives and the opportunity to celebrate culture and acknowledge the country we are building on.

## APPENDIX B – CITY OF MELBOURNE AFFORDABLE HOUSING INITIATIVES

### City of Melbourne initiatives

#### Affordable Housing Strategy 2020-2030

The strategy has five priorities with a set of corresponding actions focusing on what the City of Melbourne can do to address the affordable housing crisis. These priorities are to:

- Deliver more affordable rental housing on City of Melbourne-owned land
- Advocate for increased investment and systemic change for better housing outcomes
- Facilitate more affordable rental housing through the planning system
- Partner with governments, industry, peak bodies and the community to increase affordable rental housing
- Respond to the COVID-19 crisis with affordable rental housing

#### Elizabeth Street Common Ground

Over the last decade the City of Melbourne has worked with organisations such as Launch Housing to establish [Elizabeth Street Common Ground](#). Common Ground provides permanent, affordable, high-quality housing to 65 people with complex needs who have been chronically homeless, many for more than 10 years. An additional 66 apartments exist for low income workers and students.

#### Drill Hall

In 2001 we transferred our ownership of the Drill Hall building in Victoria Street, Melbourne, to Housing Choices Australia. This allowed 59 housing units to be built for low-income, vulnerable and marginalised people. The City of Melbourne supports the [Housing First](#) approach. We know that getting people into permanent housing with accompanying support services is the best way to reduce homelessness.

#### Munro Development

The Munro development is expected to deliver an estimated \$70 million public benefit to the growing city north precinct, in one of Australia's most sustainable mixed use developments.

In December 2021, the Munro development waved hello to residents from near and far, filling spots in 48 affordable apartments that are owned and operated by Housing Choices Australia. An additional six apartments were also handed over to the Transport Accident Commission for clients with special needs.

#### Boyd Development

In 2019, we transferred ownership of our land at 132 Kavenagh Street, Southbank to PDG to deliver a mixed use development on the site. It will deliver 40 affordable homes in addition to 1000

square metres of community facilities, retail and private dwellings. The site was the former location of the J H Boyd Girls School and was purchased by the City of Melbourne in 2007.

## **Queen Victoria Market Southern Site**

City of Melbourne has partnered with Lendlease to develop the Southern Precinct. This is the final component in the Queen Victoria Market Precinct Renewal program and part of the formal agreement with the Victorian Government to support the renewal of the market precinct.

Subject to heritage and planning approvals, Gurrova Place will deliver three new buildings along Franklin Street.

The buildings will include build-to-rent apartments and 15 per cent affordable housing, student accommodation, a landmark office space and world-class retail – all connected to the market through the restored Franklin Street stores and Market Square.

## **Exploring the use of Council land at 44-60 Curzon Street, North Melbourne**

Council have identified the open air car park at 44-60 Curzon Street in North Melbourne as a potential site for an affordable housing project. Community engagement on the proposal was undertaken in mid-2022, and site investigations are currently underway.

## **Key Worker Housing Definition**

In 2023, City of Melbourne approved a draft definition of key worker housing, in response to the policy gap surrounding this concept. It will be used inform voluntary negotiations with developers and advocacy to Victorian and Australian Government. The definition is currently being tested with key stakeholders.

The draft definition is:

*“Affordable rental housing that is appropriate for people who work within the City of Melbourne, who require a physical presence to perform their work, and whose household earns very low, low or moderate incomes. The housing must be allocated and monitored by a Registered Housing Agency.”*

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# Appendix E: City of Melbourne's submission to the Victorian Government's development of a new Plan for Victoria

# A NEW PLAN FOR VICTORIA

## Preliminary submission by the City of Melbourne

MAY 2024



CITY OF MELBOURNE

## **Acknowledgement of Traditional Owners**

The City of Melbourne respectfully acknowledges the Traditional Owners of the land we govern, the Wurundjeri Woi-wurrung and Bunurong / Boon Wurrung peoples of the Kulin Nation and pays respect to their Elders past and present.

We acknowledge and honour the unbroken spiritual, cultural and political connection they have maintained to this unique place for more than 2000 generations.

We accept the invitation in the Uluru Statement from the Heart and are committed to walking together to build a better future.

# Executive Summary

Today, the scale and pace of demographic change in Melbourne is unprecedented. With the state population predicted to reach 10 million by mid-century, Melbourne is likely to be home to 7.7 million people and Australia's largest metropolis.

The City of Melbourne welcomes the development of the Plan for Victoria as it provides an opportunity to establish a long-term vision for development across the state, addressing the relationship between the City of Melbourne as the principal urban centre for Victoria, greater metropolitan Melbourne, and regional centres and rural areas.

Melbourne is consistently recognised as one of the world's most liveable cities, rating high on measures of wellbeing and inclusion, ability to attract skills and talent, with a strong experience economy and a global appeal for visitors, trade and investment (Benchmarking Melbourne, 2024).

In planning for the future of the capital city, greater Melbourne and the state, the decisions we make today will impact whether Melbourne remains a place that is affordable, sustainable, inclusive and liveable.

We know that more compact cities are better for people's quality of life, have better economic and job outcomes and support a more sustainable way of living (Infrastructure Victoria, 2023). The City of Melbourne has the highest rate of housing growth of developed suburbs in metropolitan Melbourne and is well positioned to play a central role in accommodating significant population growth.

In the face of our current housing crisis, the City of Melbourne welcomes the opportunity to work with the Victorian Government on future housing plans and targets. The delivery of new housing needs to balance a range of priorities to build liveable and thriving neighbourhoods, including the delivery of appropriate community infrastructure (including public open space) alongside increased density to maintain liveability and support community health and wellbeing.

The City of Melbourne is the heart of the metropolis and the engine room of the state economy. The central city performs a pivotal role in job creation and is perfectly positioned to continue to grow as a global hub of innovation, knowledge and creativity. As the cultural capital of Australia, Melbourne's iconic food scene, dynamic arts and culture offering and world class sporting events provide a diversity of experiences for residents, workers and visitors, building a sense of belonging, attracting investment and talent and driving tourism.

The completion of the Melbourne Metro Rail Project, transformation of the Melbourne Arts Precinct and partnerships to deliver on urban renewal and innovation precincts such as Arden and Fishermans Bend, provide the foundation to build new thriving, mixed use communities where people can live, work, study and play.

The preparation of the Plan for Victoria offers an opportunity to leverage existing strengths, investments and partnerships to deliver an integrated future vision for the city and the broader state. Alongside the Plan for Victoria, a continued focus on the significant role central Melbourne plays in supporting metropolitan Melbourne and Victoria more broadly is required. The City of Melbourne stands ready to partner with the Victorian Government to progress this.

We welcome this opportunity to work with the government to progress this agenda for the benefit of Melbourne, the metropolitan region and the state of Victoria.

# Introduction

The City of Melbourne stands on the land of its Traditional Owners, the Wurundjeri Woi-wurrung and the Bunurong Boon Wurrung peoples of the Kulin. It has always been an important meeting place, for thousands of years before European settlement.

Today, this multicultural, modern city boasts a diversified economy and a passion for sporting and cultural events. It is one of the most liveable cities in the world, renowned for its culture, universities and connected neighbourhoods.

With a \$114 billion economy, which is almost a quarter of Victoria's output (23%), the City of Melbourne is Victoria's capital city and an economic driver for Victoria and Australia. It is home to a diverse range of industry sectors with a high concentration of knowledge-intensive jobs. The City of Melbourne plays an important role as a capital city, and is the state's heart for jobs, education and opportunity. As such, the City is well-placed to partner with the Victorian Government to drive and deliver positive outcomes for the metropolitan region and Victoria more broadly.

The City of Melbourne also contains Victoria's premier cultural infrastructure, with a diversity of 24/7 uses including the State's major events, attracting visitors from not only across the state, but nationally and globally.

Over the past decade, the City of Melbourne's economy grew at twice the rate of the state (42% v 21%). As the centre of Victoria's knowledge economy, the City of Melbourne contributed 34% of the state's economic growth, including almost all the growth in the financial and insurance services sector as well as half of the growth in the professional, scientific and technical services sectors. An economically strong City of Melbourne benefits the whole state.

Globalisation continues to disrupt our economy and society, while climate change is increasing the risk of extreme events and undermining many of the assumptions used in planning. This submission incorporates Council's goal to increase affordable housing and supporting city infrastructure in the municipality, to be a city that is globally connected, at the forefront of innovation and recognised as a leader on climate change, and that honours and promotes Aboriginal culture and governs with our Traditional Owners - all essential components of a resilient city. The submission emphasises the role of the City of Melbourne in delivering on government's aspirations for metropolitan Melbourne and the state of Victoria. Our resilience as a metropolis and a state depends on a strong, adaptive, accessible, central city.

While we applaud the preparation of a plan for the whole state, our submission highlights urban issues and emphasises the need for a comprehensive Plan for the Melbourne metropolis to be developed alongside the Plan for Victoria. We need these plans to recognise and leverage the important role played by the central city in context of the greater Melbourne and Victoria.

This submission is informed by Council's endorsed *City Spatial Plan*, which seeks to realise the City of Melbourne's vision through a range of thematic and place-based strategies. It does so by:

- Considering current and emerging trends at both global and local scales to identify opportunities and challenges
- Understanding the challenges facing the City of Melbourne and how areas, buildings and land uses will change in response
- Providing strategies for future development.

For each of the four pillars, the submission provides an overview of how the pillar relates to the City of Melbourne, and outlines challenges and opportunities for the City of Melbourne. Many of the identified opportunities for the city can be translated to greater Melbourne, if not the state of Victoria. The submission therefore emphasises how the experience and expertise of the City of Melbourne can contribute to the aspirations and targets identified by the Victorian Government.

In addition to addressing the four pillars, the submission recommends that *Transport* and *Water* are issues that warrant being pillars in their own right. The submission also identifies the need for the *Equity and Jobs* pillar to encompass a whole of economy perspective.

## City of Melbourne Vision

Our vision is to be a **city of possibility**. To achieve the vision the City has six strategic objectives

1. Economy of the future: Create a strong, adaptive, sustainable and thriving city economy supported by a diverse mix of industries and jobs that provide dignity and opportunity
2. Melbourne's unique identity and place: Recognise and protect the places, people and cultures that make Melbourne a unique, vibrant and creative city with world-leading liveability
3. Aboriginal Melbourne: Ensure that First Peoples' culture, lore, knowledge, and heritage enrich the city's growth and development
4. Climate and biodiversity emergency: Reduce emissions and waste in order to protect public health, strengthen the economy and create a city that mitigates and adapts to climate change
5. Access and affordability: Reduce economic and social inequality by ensuring universal access to housing, core services and information
6. Safety and wellbeing: Enhance the safety and wellbeing of all who live, visit, work and do business in Melbourne



# Planning for Metropolitan Melbourne

The City of Melbourne welcomes the development of the Plan for Victoria as it provides an opportunity to establish a long-term vision for development across the state, addressing the relationship between metropolitan Melbourne as the dominant urban centre, peri-urban areas that are dependent on their relationship to Melbourne, and regional centres and rural areas.

However, we urge government not to lose sight of the importance of integrated planning for metropolitan Melbourne and the significant role the central city. There is a risk that a single Plan for Victoria may not adequately address the complexity of, or sufficiently distinguish the needs of, the central city and metropolitan area which differ greatly from the unique spatial characteristics and needs of regional and rural communities. The significant matters affecting planning in Melbourne, such as major employment precincts and activity centres, renewal areas transitioning to new housing, and city-shaping state infrastructure investment mean that a metropolitan perspective is necessary.

The complexity of metropolitan Melbourne as an integrated labour market, requiring inter-connected thinking about housing, employment centres and clusters, transport, and the environmental context, warrants its own comprehensive plan. The challenges encountered with implementing Plan Melbourne demonstrate that, even within metropolitan Melbourne, there is a need to distinguish and address the unique role of the central city, the middle ring suburbs and growth areas, in delivering on the needs of the metropolis.

Over many decades, planning for metropolitan Melbourne has identified the benefits of the polycentric city. Yet central Melbourne remains the heart of the metropolis and the engine room of the metropolitan and state economy. Investment in the capital city has benefits for the whole state which depends on the central city for employment, recreation and the movement of people and goods.

The Melbourne Metro Rail Project will generate significant benefits for the central city and metropolitan Melbourne. Commitment to such central city infrastructure must continue in order to maximise the benefits of the significant urban renewal taking place within the City of Melbourne. A comprehensive plan for metropolitan Melbourne is needed to identify the infrastructure investment that will have the greatest benefit to enhancing our integrated metropolis. The following sections of this submission include such projects identified by the City of Melbourne and how they align with the government's aspirations for the Plan for Victoria.

The success of integrated planning for both greater Melbourne and the state relies on governance and implementation arrangements that are clear, collaborative and transparent. It is important that the Plan for Victoria (and Melbourne) includes an implementation plan which includes governance arrangements based on a strong partnership between levels of government that share responsibility for planning in Victoria. Local government's critical role needs to be strongly and clearly acknowledged.

# Self-determination and caring for Country

**The Plan for Victoria presents an opportunity to enable greater self-determination, embed Caring for Country principles and establish the future of treaty in the planning for Melbourne and Victoria. The recognition and celebration of Melbourne and Victoria as an Aboriginal place should be reflected in our design and built form and working with Traditional Owners to embed Aboriginal values, knowledge and practices in our work.**

The City of Melbourne notes that the government is working with Traditional Owners to embed their voices, rights and aspirations into the Plan for Victoria planning process. Council looks forward to hearing the views of Traditional Owners and building our understanding of the role of local government in enabling greater Self-determination, reflecting Treaty, and protecting Country.

The Victorian Government's approach aligns with the City of Melbourne's commitment, established in our Council Plan, to *govern with Sovereign First Nations to enable true self-determination, where deliberative engagement is proactive, responsive and consistent.*

The City of Melbourne has a long history of working to embed reconciliation across the organisation and within our community. We formally recognised the unique place Aboriginal peoples and their communities have within the City of Melbourne with the adoption in 1999 of our Statement of commitment to Aboriginal and Torres Strait Islander People.

The City of Melbourne then became the first local government authority to adopt a Reconciliation Action Plan when it was adopted in 2006. In 2019, the City of Melbourne launched a new Aboriginal Melbourne branch to help build organisational capability around all issues affecting Aboriginal communities in the city, and enable the changes needed for the city to be an Aboriginal city.

## Challenges facing the city

- Need to strengthen the role of Traditional Owners in planning for our future.
- Need for greater understanding and celebration of Traditional Owner culture.

## Opportunities for the future

- Respond to any outcomes of Treaty negotiations.
- Enable Traditional Owners to represent Aboriginal culture in a way that is fully integrated across the state.
- Increase opportunities for meaningful Aboriginal cultural expression through the design and planning of significant and public buildings and places.
- First Peoples experts are consulted and lead sustainable land management practices.
- Conduct research in consultation with local Traditional Owner groups into 'Caring for Country' knowledge, principles and practices, and how they may be applied in the management, planning and development of city land.

# Plan for Victoria Pillars

The following section addresses, from a City of Melbourne perspective, the four pillars that have been identified on the Plan Victoria website, plus a recommended two additional pillars of *Transport* and *Water*.

## Housing affordability and choice

**The delivery of housing needs to balance a range of priorities to build liveable and thriving neighbourhoods, including the delivery of new public open space alongside increased density to support wellbeing. Planning settings need to facilitate mixed use precincts to support the ongoing balance of the residential and economic function of the city. Affordable housing needs to be considered essential infrastructure that should be delivered through a mandatory and consistent.**

### Affordable housing in the City of Melbourne

In the City of Melbourne, we are facing a housing and homelessness crisis; a situation mirrored across Australia. Visible homelessness, people sleeping rough on the streets, is just the tip of the iceberg in our homelessness crisis. Many more women, children and families are part of the hidden problem – sleeping in their cars, on other people’s couches and in severely overcrowded or temporary accommodation. We have a shortage of 6000 affordable homes in the City of Melbourne, and 21 per cent of households are in housing stress (SGS Economics and Planning, 2019).

Housing is recognised as a fundamental human right and affordable housing is vital for an inclusive, diverse and prosperous city. A range of housing types and tenures are needed to support our diverse community, and particularly Aboriginal people.

City of Melbourne has more key workers than any local government area in Victoria. Key workers are critical to the functioning of the city, but with rental prices increasing faster than wages, many of these workers earning very low to moderate incomes commonly face housing stress and long commutes.

Affordable housing<sup>1</sup> is essential infrastructure for the community. There is an opportunity through Plan Victoria to identify this and ensure affordable housing is delivered through the planning system.

We need all levels of government to support the delivery of new affordable housing by raising and investing more money to deliver this essential infrastructure. A coordinated response across governments, the private sector, the community housing sector, industry groups and the community is critical.

The City of Melbourne will continue to collaborate with state and federal governments, statutory agencies, the private and community housing sectors to enable well-designed, appropriate, accessible and sustainable social and affordable housing across the municipality. New affordable housing that is delivered must reflect the sizes, design, and quality of the broader housing market and community need.

### Challenges facing the city

- Decades of under-investment in social and affordable housing combined with a growing population, rising housing costs, and the COVID-19 pandemic means there are not enough affordable homes.
- Over the past three decades, house prices have grown at a much faster rate than household incomes.
- It is important that social housing, affordable housing and key worker housing are defined in order to ensure housing assistance is delivered in a consistent way and targeted to those in need. Despite continued general housing supply, there is growing demand for housing for very low, low and moderate income earners.
- A lack of diversity of housing types including housing to meet the needs of Aboriginal people.
- Absence of a mandatory and consistent framework for the delivery of affordable housing through the planning system.

### Opportunities for the future

<sup>1</sup> Throughout this submission, the term ‘affordable housing’ is used as per the definition in the Planning and Environment Act 1987, which includes social housing. ‘Social housing’ is used to refer to that specific kind of affordable housing.

- Introduce mandatory inclusionary zoning to facilitate contributions to affordable housing from private development.
- Ensure affordable housing is treated as essential infrastructure.
- Maximise the delivery of social housing on government-owned land, particularly through the renewal of public housing sites.
- Ensure 1% of all surplus State Government land is made available for Aboriginal housing, in line with the Victorian Aboriginal Housing Framework.
- Facilitate more affordable rental housing including key worker housing.
- Partner with governments, industry, peak bodies and the community to increase affordable rental housing, including on City of Melbourne-owned land.

## Population growth and housing supply

Today, the scale and pace of demographic change in metropolitan Melbourne are unprecedented. Projections suggest that by 2051 greater Melbourne will be home to approximately 7.7 million people and Melbourne is likely to be Australia's largest metropolis. In responding to this challenge, the City of Melbourne has the highest rate of housing growth of developed suburbs in greater Melbourne.

The City of Melbourne today is a truly mixed use place. As high density residential development dilutes the diversity of uses in the City of Melbourne, there is an increasing need to proactively balance the use of land to ensure it delivers the greatest possible economic, social, and environmental benefit and promotes our role and advantages as a capital city.

Because of its unique characteristics, in the City of Melbourne most housing provision does not occur in the residential zones. It occurs in the other zones - Capital City, Docklands and Special Use Zones - where capacity is far greater than in the residential zones. In planning for the future, the municipality of the City of Melbourne has been divided into areas based on their existing character and function, local conditions and their expected role in accommodating future growth. Growth and development will be guided by the capacity for growth of each local area. Each of the City of Melbourne's distinct areas have a different role to play in the supply of new housing which is set out in the Growth Area Framework which forms part of the City Spatial Plan (see Figure 1).

The City of Melbourne welcomes the opportunity to work with the Victorian Government on future housing plans and determining appropriate municipal housing targets.

In providing housing and meeting any housing targets, the City of Melbourne urges the government to consider that:

1. Housing targets should be linked to actual capacity and not set arbitrarily, or linked to the delivery of constructed housing, for which councils have no control.
2. The quality of housing and apartments must come first. It is important to ensure that apartment dwellers have a quality lifestyle. This includes making provision for:
  - outlook, privacy and daylight
  - safe and sufficient playing areas for children
  - nearby public open space
  - a choice of a mix of apartment types/sizes
  - accessible design
  - a visual connection to the street
  - natural ventilation.

## Challenges facing the city

- The impact of residential development on economic use of land, given the ability for residential development to out-compete other uses.
- High volume residential development impacting the overall mix of uses within the municipality.

- Very high density places which do not have appropriate social infrastructure to service the population.

### **Opportunities for the future**

- In areas outside the Capital City Zone, implement land use zones which allow a true mix of uses which deliver both a diversity of jobs and living opportunities.
- Opportunities for transformation in the City of Melbourne include the existing renewal precincts of Fishermans Bend, Arden and Macaulay. These areas offer the greatest potential for delivering a diversity of affordable housing.

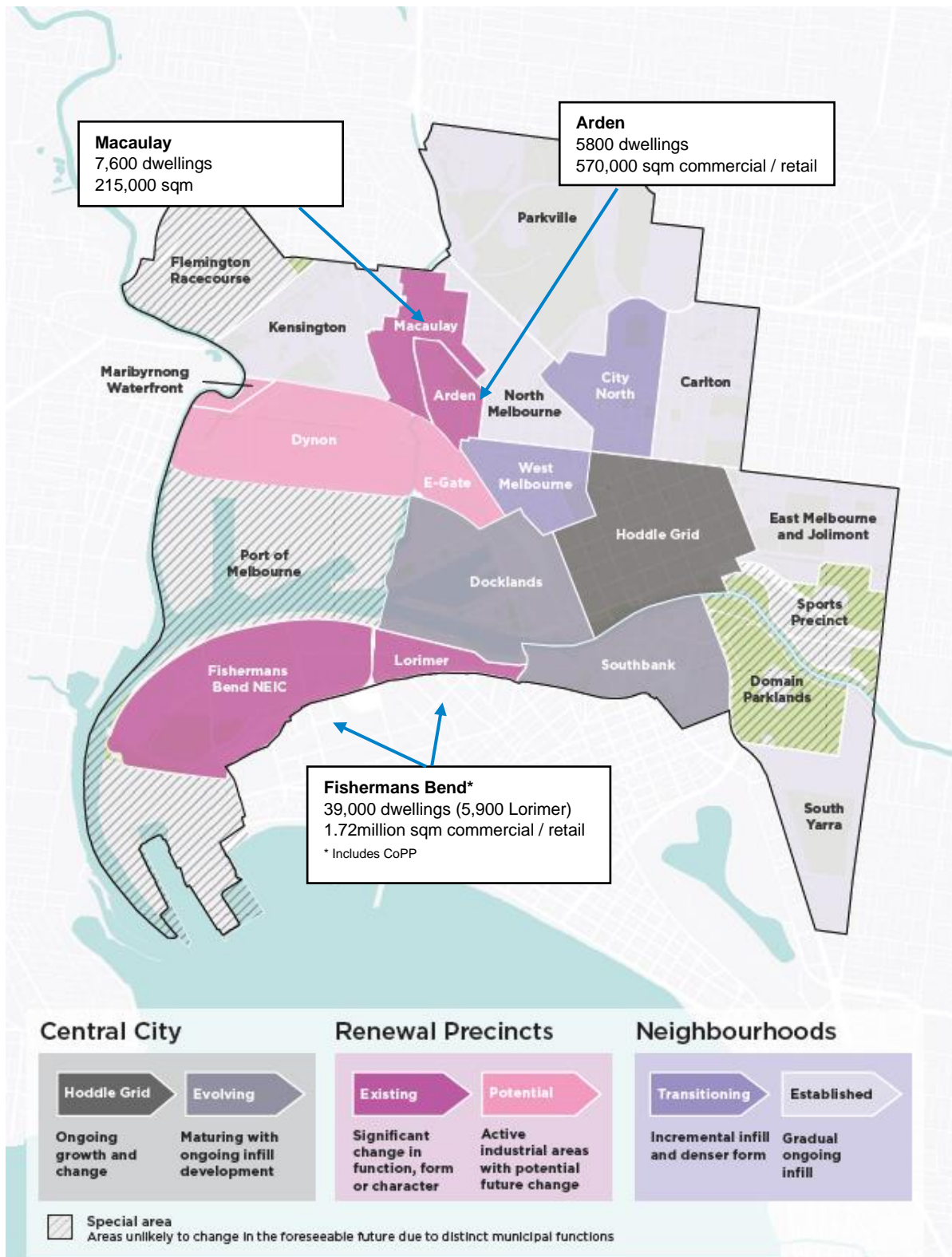


Figure 1 Growth Area Framework

## Economy, equity and jobs

**As Victoria's most accessible location with existing infrastructure to drive scale and interoperability across industry, the central city performs an essential role in the state economy. Melbourne's central city should continue to be positioned as the best place to do business and supported to grow as a global hub of innovation, knowledge and creativity.**

The central city is home to activities that are unmatched in Victoria and Australia in terms of scale, diversity and interoperability. This area is a dense, integrated mix of commercial offices, hotels and residential accommodation, making it easy to walk, ride a bike, or catch public transport.

The central city is Victoria's most-accessible location, giving employers access to the largest labour market, and employees access to the largest range of high-value jobs.

Central city employment and activities seamlessly combine to create 'the city experience.' The strength of the city experience is fundamental to attracting people and investment to the City of Melbourne. This means that our liveability is an essential economic asset. Our challenge for the future is how to capitalise on the opportunities our liveability presents.

Victoria's economy grew by 22% over the decade to 2021-22, with the population increasing by 17% over the same period. As the centre of Victoria's knowledge economy, the City of Melbourne contributed 34% of the state's economic growth, including almost all the growth in the financial and insurance services sector. It is therefore essential that the Plan for Victoria and Plan for Melbourne support a state economy that has a focus on the role of the central city.

Any diminution of agglomeration in the central city will have a negative effect on the Victorian economy. Agglomeration is one of the key drivers of economic success - particularly in the knowledge services sector, which is the dominant sector in the City of Melbourne's economy. Most of the city's economic output is generated by businesses that occupy commercial office buildings such as financial services, professional services and government services. These industries collectively account for 70% of the city's economic output.

The popularity of hybrid work makes agglomeration more important. If people only commute 3 days per week, then a central office location makes sense for a dispersed workforce. The challenge is to ensure that as many people as possible can live within an easy commute to the central city - this has implications for both housing and transport.

The City of Melbourne is perfectly positioned to continue to grow as a global hub of innovation, knowledge and creativity. Technology-based industry sub-sectors in the City of Melbourne have seen phenomenal growth between 2005-06 and 2021-22. For example, Internet Publishing and Broadcasting has seen a 405% increase in City of Melbourne, which now generates 58% of Victoria's value added in this sector. Computer System Design and Related Services saw a 342% increase and now generates 63% of Victoria's value added in this sector.

Growing a diversity of established and new economic and innovation hubs to complement the central city will be key to a resilient future economy. Advances in digital technology will continue to change the ways we interact with the city. While offering opportunity this also poses challenges around equity of access to high speed internet and other technology.

The identification of suburban employment precincts by the Department of Transport and Planning needs to be based on robust economic analysis. Businesses will choose to locate where the business case is strongest, which for knowledge businesses, is invariably the central city.

One of the City of Melbourne's great comparative advantages is the enormous extent of brownfields development sites such as Arden and Fishermans Bend, currently being developed, and E-Gate and Dynon for which planning has not commenced, but which needs to balance housing delivery with employment and economic development.

Innovation precincts drive economic growth and create high-value jobs. Melbourne Innovation Districts are focused in Parkville, Arden and Fishermans Bend. Importantly, these future-focused precincts will be connected to our original innovation precinct, the Hoddle Grid, by new transport infrastructure in Melbourne Metro and the proposed Fishermans Bend tram route.

Growing emphasis on online retail and employment, including remote working, means that the City of Melbourne will need to continue to adapt and be flexible to rapid digital disruptions. The impact of this significant social change will be felt differently in locations across greater Melbourne and the state.

City of Melbourne will also need to adapt to increased pressures on the central city as a result of the continued expansion of greater Melbourne. This presents challenges in improving access and opportunities for everyone.

### Challenges facing the city

- Attracting international students, and worker and visitor populations back to the City of Melbourne.
- Rapid housing growth can crowd out innovation uses.
- Transport connections to Fishermans Bend and between employment clusters.
- Ensuring that infrastructure in Renewal Precincts is delivered early.
- Maintaining affordable and suitable workspaces.

### Opportunities for the future

- Early delivery of infrastructure, including Melbourne Metro 2 and trams to Fishermans Bend and Arden to support existing renewal precincts to realise their vision.
- Leverage the positive 'new rhythm' of the city now and into the future.
- Continue to position the City of Melbourne's central city as the best place to do business. This involves:
  - a. attracting talented people by enhancing liveability and keeping the City of Melbourne active and vibrant
  - b. ensuring that the City of Melbourne is inclusive, and that barriers to participation in the economy are eliminated; and
  - c. making the City of Melbourne an easy place to start and grow a productive business, and ensuring that it continues to be the centre of innovative activity in Victoria.
- Maintain the central city as the cultural and economic centre of the municipality, greater Melbourne and Victoria.
- Deliver diverse global innovation precincts and local employment hubs.
- Curate and coordinate the growth and development of existing, emerging and new globally competitive innovation districts in City North, Arden and Fishermans Bend.
- Support the growth of a range of precincts and industry specialisations that complement the central city are key to economic growth and local job creation.
- Balance housing development with uses that are key to economic growth.
- Support local activity centres that provide local services and employment.
- Boost economic participation by facilitating affordable housing and workspaces and creating diverse job opportunities.
- Foster the economic contribution of Traditional Owners.

- Investment and support in our creative industries and the visitor economy will demonstrate its value as a place for ideas and experiences. This includes:
  - Protecting spaces for start-ups, innovative and creative industries and artists.
  - Designating precincts for co-working and incubator spaces for creative industry practitioners, including in Fishermans Bend NEIC, City North and the Melbourne Arts Precinct.
- Grow a diversity of established and new economic and innovation hubs to complement the central city. This will be key to a resilient future economy. Growth in these areas will be enabled by creating high amenity places that are connected by excellent transport choices and offering affordable workspaces and homes, providing access to a wide range of people, including suppliers, customers, and collaborators.

## Liveable and thriving neighbourhoods

**In planning for the future of the city, greater Melbourne and the state, the decisions we make today will impact whether Melbourne remains a place that is affordable, sustainable, inclusive and liveable.**

**The completion of the Melbourne Metro Rail Project, transformation of the Melbourne Arts Precinct and partnerships to deliver on urban renewal and innovation precincts such as Arden and Fishermans Bend, provide the foundation to build new thriving, mixed use communities where people can live, work, study and play.**

Melbourne is consistently recognised as one of the world's most liveable cities, rating highly on measures of wellbeing and inclusion, ability to attract skills and talent, with a strong experience economy and a global appeal for visitors, trade and investment (Benchmarking Melbourne, 2024).

The City of Melbourne is committed to creating a city which is accessible, affordable, inclusive, safe, and that promotes the health and wellbeing of its community. As the city grows and changes, there is a need to ensure that growth is inclusive of all and has a particular focus on promoting community wellbeing.

Providing community and social infrastructure and services is key to improving quality of life and strengthening social cohesion. Refreshed, expanded and new facilities are needed including social, family and early childhood services, open/green spaces, multi-purpose facilities that support a variety of sport and recreation needs across their lifespan, play areas for children, affordable housing, active transport and food production infrastructure. These must be accessible, inclusive facilities that support life skills and promote benefits to individuals and the community.

The City of Melbourne's built form heritage is one of its greatest assets, which contributes to the vibrancy and character of our neighbourhoods and the central city. Melbourne is one of the world's great Victorian-era cities, featuring many intact streetscapes, parks and buildings recognised as important heritage places.

The City of Melbourne is an excellent example of how a city can conserve its valued heritage while supporting growth and change. We conserve our heritage in the context of both growth and sustainable development. At the City of Melbourne heritage protection does not mean development is stifled; it means that heritage is a factor to be considered and celebrated when a heritage property is developed.

The significance of open space for community wellbeing in a dense urban environment was highlighted during COVID-19. With higher density living comes less private open space and additional pressure and importance on both the quality and quantity of public open space as safe and accessible for sanctuary and recreation.

The City of Melbourne has an extensive network of large public parks and well managed waterways and catchments. However, the city's parks, gardens and waterways will face increasing pressure from a growing population and a changing climate.

The City of Melbourne is therefore taking an innovative approach to how we create new open spaces within our constrained urban environment, including through creative use of road space and waterways to deliver high amenity environments and mitigate the impacts of climate change. Such projects include the Trial Floating Wetlands on the Yarra - Birrarung, Southbank Boulevard open space and play space and 1.8 hectares of new public open space as part of the Queen Victoria Market Precinct Renewal. The Greenline Project is one of the biggest city-shaping projects in Melbourne's history and will see the development across five precincts covering 4km between Birrarung Marr and the Bolte Bridge.

The City of Melbourne's approach to developing urban open spaces has much to offer greater Melbourne, particularly in areas that are delivering major urban renewal and transforming urban waterways.

## Challenges facing the city

- Poorly designed buildings which individually and collectively negatively impact the public realm and erode the character and distinctiveness of our places.
- Overshadowing of public space by development.
- Ensuring our city is safe day and night.
- Lack of open space in renewal precincts and in the west of the municipality to support population growth.
- Rapid population growth and the finite space within the City of Melbourne.
- Insufficient space for community sport and recreation facilities.
- Providing spaces for creative uses.
- An erosion of character and heritage.
- Increasing pressure on existing public open space to accommodate non-park related infrastructure and services.

## Opportunities for the future

- The delivery of sustainable and resilient infrastructure. There is a need to better align growth and density with infrastructure planning to ensure there is an early commitment to infrastructure and it is delivered to enable liveable communities.
- Rapid population growth will place significant daily demand on infrastructure. Funding and financing the scale of committed infrastructure is needed to keep pace with our municipality's population and visitation growth, reinforcing the need to partner with other levels of government and the private and community sectors.
- Continue to protect heritage while at the same time supporting population growth or sustainable outcomes.
- Ensure the planning process achieves high quality buildings that enhance the public realm and reinforce the distinct built form character of each place.
- Maintaining our status as a leading creative city, including:
  - Supporting and facilitating appropriate locations for live music
  - Supporting emerging artists and midscale arts in the public realm
  - Provision of local community arts spaces
- Invite design excellence outcomes on significant sites to support the City of Melbourne's reputation as a centre for architectural excellence.
- Protect winter sun access to public spaces. Access to winter sun is important for health and wellbeing, and biodiversity outcomes across the municipality.
- Continue to expand and enhance the quantity, size, quality and diversity of public open space within easy walking distance for everyone.
- Deliver large new open spaces, including new municipal open spaces to support community sport and recreation, in renewal precincts.

## Sustainable environment and climate action

**Responding and adapting to the climate crisis is a pervasive challenge that will influence decision-making at all levels of government over the next 30 years. Ensuring urban growth is sustainable and climate resilient is essential. The development and retrofitting of buildings and infrastructure needs to be to the highest environmental standards, with a focus on green infrastructure to enrich biodiversity, improve storm water management and contribute to city cooling.**

In 2019 the City of Melbourne declared a climate and biodiversity emergency.

The City of Melbourne is committed to prioritising our environment and taking urgent action to reduce emissions and waste and plan for climate hazards in order to protect our community, strengthen our economy and create a city that mitigates and adapts to climate change.

Melbourne and Victoria will need to adapt to more extreme weather, including hotter summers and a greater number of heatwaves, a drier climate resulting in more frequent periods of drought, heavier rainfall and severe storm events that increase the risk of flooding. Further increases in global temperatures will impact the health of Melburnians by exacerbating the urban heat island effect, increasing hospitalisations from asthma and other illnesses and contributing to thermal stress for vulnerable communities.

The design, construction and management of buildings, infrastructure and spaces need to be more adaptive and resilient to the impacts of climate change.

In striving to achieve a better and more sustainable future, the City of Melbourne has identified the opportunity to measure city performance against the United Nations Sustainable Development Goals (SDGs), and to embed the SDGs into our strategies and activities.

Importantly, grounding our work at the City of Melbourne in the SDGs will allow us to compare our progress with other cities, set measures and targets, and to learn from other global cities as to how we can better collaborate to address the challenges of our time.

Integrated water management in an urban environment is complex and delivers a multitude of environmental, amenity and health benefits. Rural and regional communities face different but equally important water challenges. For this reason, the City of Melbourne recommends that the Plan for Victoria and the Plan for Melbourne address water as a separate pillar (see below).

### Challenges facing our environment

- Loss of tree canopy, biodiversity and impact on natural water flows.
- Increasing exposure to extreme weather events, including impacts of increased temperatures and heatwaves and the urban heat island effect.
- Large number of older, inefficient commercial buildings needing retrofits.
- Infrastructure that is not resilient to climate extremes.

### Opportunities for the future

- Reaching zero net emissions by 2040 and 100 per cent renewable energy by 2030, including through the use of minimum standards within the planning system.
- Delivering new buildings to the highest environmental standards with a focus on green infrastructure which will enrich the urban biodiversity, treat stormwater and assist in cooling the city. Council is taking a proactive approach through progressing Amendment C376 which identifies opportunities for the planning system and building design to take a positive approach to managing the impacts of climate change.
- Heritage places can play a role in climate change mitigation. Retrofitting existing buildings, rather than demolishing them, improves their efficiency, reduces building waste and conserves their embodied energy.

- Strengthening biodiversity corridors and significant habitat areas. An expanded network of biodiversity corridors along streets, waterways and throughout the city will allow native fauna to move between habitat areas.
- The continued expansion of the urban forest, understorey, and green infrastructure with a diversity of species will act to reduce the urban heat island effect, increase biodiversity functions, enhance resilience and allow people to benefit from a deeper connection with nature.
- Renewal precincts offer the opportunity to embed resilience and adaptation in the design of all new buildings and public places. Integrating precinct based renewable energy, water, and circular waste systems will promote more efficient resource use, minimise waste and help to reach zero net greenhouse gas emissions.
- Opportunities and spaces for local energy infrastructure, including installation of neighbourhood batteries should be considered across all places within the state, following the lead of the City of Melbourne.
- Developing a circular economy. The waste and resource recovery system is facing serious challenges. These threats present an opportunity to accelerate the move towards a circular economy where we maximise reuse, recycling and recovery, and minimise waste to landfill.
- Preparing the city for extreme weather. Make the city a cool refuge in days of extreme heat. Every community member should have access a cool public place within walking distance of their home.

## Transport

**High-quality public transport is essential to the economy, access to housing and jobs, thriving neighbourhoods and the delivery of urban renewal precincts. Ongoing investment is needed to expand the existing network and to optimise the existing system to deliver an integrated transport system across metropolitan Melbourne and the state.**

High quality transport is essential to the economy, housing opportunities, equity and jobs, and living and thriving neighbourhoods. It is central to the liveability of the central city, Melbourne's suburbs and the state's rural and regional areas. Therefore, we believe that it warrants status of an additional pillar in its own right as a central part of the Plan for Victoria.

People throughout greater Melbourne and Victoria commute to the City of Melbourne for work, entertainment, medical care and other activities. The transport network provides access to, and movement within the central city, connecting people to activity. This also drives central city activation and economic growth.

Our ongoing prosperity depends on the quick and efficient movement and exchange of people, knowledge and goods across the State and interstate.

As the City of Melbourne realises its projected growth, an enhanced and expanded integrated public transport service will support the liveability and economic development of all areas. Public transport services must align with the density of development to optimise access and enhance the amenity of places.

Public transport must be guided by a comprehensive, integrated transport plan for Victoria.

### Challenges for the city:

- A world-leading public and active transport system is key to providing access to jobs and housing and supporting economic growth.
- The funding of major infrastructure requires government commitment.

### Opportunities for the future:

- Continue to enhance and expand public transport services.
- Commitment to high capacity public transport for Fishermans Bend is essential to gain maximum benefits from this major regeneration area.
- An integrated, safe, comfortable, accessible and convenient walking and cycling network is essential to the City of Melbourne and greater Melbourne's growth and amenity.
- Efficient car parking management which supports the delivery of a high-quality public realm and sustainable transport is required.
- Get the most out of Melbourne's existing transport network by supporting trams with signal priority at intersections and separation from traffic and providing dedicated lanes and traffic signal priority for the bus network.
- Support highly efficient solutions to freight, delivery and waste systems. Low-impact delivery models, such as cargo bikes and small vans will allow deliveries to be made faster, at a lower cost and with greater efficiency.
- Decisions on infrastructure and projects that facilitate the long-term function of the Port of Melbourne will be informed by strategic consideration of the Port's position and role within the national context.
- Use new technologies to deliver a range of transport benefits including improved access to transport choices, new transport modes, lower emissions, more efficient use of existing assets and new forms of movement. Appropriate regulation will ensure that new technologies are well integrated into the municipality and not undermining amenity, efficiency and safety.

## Water

**High quality integrated water management can deliver environmental, health and amenity benefits for communities, meaning ‘water’ should be a planning pillar in its own right. Integrating water into planning for existing and future neighbourhoods contributes to climate resilient communities, the projection of life and property, climate resilient communities, greater biodiversity and high quality public spaces.**

Climate change will bring more prolonged and frequent periods of drought, creating water security issues – particularly in regional areas, but also in the city. At the same time, when it does rain, the City of Melbourne will experience heavy rainfall, resulting in flash flooding. Sea level rise will affect coastal areas across Victoria and Melbourne to different extents.

Integrated water management provides solutions that prioritise and optimise water use that is fit-for-purpose whilst minimising exposure to flood risk.

Increasing community awareness of whole of water cycle management and efficient use of our water resources, including intercepting stormwater before it goes down the drain and using it to keep places green and cool and improve the health of our water system, will ensure we evolve as a climate change adaptable municipality, metropolis and state more broadly.

Managing flooding and sea level rise, particularly in areas that were once wetlands and swamps such as Arden, Macaulay and Fishermans Bend, will create opportunities to integrate water sensitive elements in the design of streets and open spaces and to rediscover our rivers and creeks.

Across the state, the protection of life and property must be prioritised in areas subject to flood and sea level rise, reflecting the planning approach to bushfire prone areas. Up to date information from relevant authorities and streamlined planning scheme amendment processes are needed across the state to minimise risk and ensure consistency of approaches.

A greater focus on waterways across metropolitan Melbourne will enable opportunities to improve biodiversity corridors, enhance amenity and reveal the cultural stories of these important places.

### Challenges facing the future of our waterways

- Managing the impacts of urban inundation from storm surge, sea level rise and flash flooding, particularly in renewal precincts.
- Managing water resources to mitigate urban heat island, building resilience to flood and droughts while optimising water quality for fit-for-purpose water use.
- Funding of infrastructure to manage flooding and droughts.

### Opportunities for the future

- Build resilience to climate change through a whole of water cycle approach.
- Manage the impacts of inundation by creating a water sensitive city across the state.
- Renewal precincts will embrace water and manage the impacts of inundation by celebrating water in the landscape, particularly in Fishermans Bend: Lorimer and Fishermans Bend NEIC, Dynon, E-Gate, Arden and Macaulay.
- A nature-based climate adaptation and integrated water management strategy will increase resilience to flooding and sea level rise, improve water quality and biodiversity and provide a distinctive asset and point of difference for the municipality.
- Implement integrated water management practices for all urban rivers, particularly at the Yarra - Birrarung and harbour, Maribyrnong River and Moonee Ponds Creek catchments to enhance flood management, improve water quality and increase biodiversity.
- Celebrate the waterways as thriving social places that provide essential cultural, ecological and hydrological services to their location. Waterways will provide opportunities for people to engage with

the water and connect with the cultural history of place. Waterways will also provide continuous, high amenity pedestrian and cycle connections in the wider network.

- Improve stormwater quality and ensure the health of waterways.
- Increase alternative water use so we have less reliance on potable (drinking) water.

# Next steps

The City of Melbourne welcomes advice on the next steps in the development of Plan for Victoria, and emphasises our desire to be actively involved. As Victoria's capital city council, the City of Melbourne is well-placed to take a leading role collaborating with Victorian Government and our local government colleagues to co-operatively develop the plan.

We recommend that technical working groups be established including local government experts, and sector organisations such as the Municipal Association of Victoria and the Planning Institute of Australia, to guide and review the plan's content. In light of the need for a plan for metropolitan Melbourne alongside a Plan for Victoria, working groups should have regard for metropolitan and regional alignment to make the most of local expertise.

We consider that an opportunity will be lost if the Plan for Victoria does not address governance, institutional, planning system, and funding and investment matters and opportunities for reform. We therefore recommend that the next steps include a comprehensive and transparent evaluation of the successes and lessons learned through the implementation of Plan Melbourne and the Regional Growth Plans.

It is important that the Plan for Victoria and Melbourne includes an implementation plan which includes governance arrangements based on a strong partnership between levels of government that share responsibility for planning in Victoria. Local government's critical role needs to be strongly and clearly acknowledged.

To date, limited information has been made available regarding consultation on the Plan that is anticipated to be produced by the end of 2024. It is essential that local government, industry stakeholders and the community are given an opportunity to comment on the Plan for Victoria and Plan for Melbourne before they are finalised.

The City of Melbourne looks forward to actively working with the government on both the development of the plan and its successful implementation.

## How to contact us

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