

WERA Submission Plan Melbourne Refreshed 2015

A new planning framework for metropolitan Melbourne?

We are all aware that Melbourne has been awarded “the world’s most liveable city” in the past. But Melbourne is growing rapidly and changing as part of that rapid growth. On present trends, Melbourne’s population is expected to be 8 million by 2050. Significant climate change will result in hotter summers and reduced rainfall. And growth is not without its costs: environmental costs have occurred, the loss of prized amenity and heritage, a sense of community and place and ever decreasing housing affordability. Our transport and utilities infrastructure is stretched as never before and the spread of suburbia destroys habitat and generates vast housing estates lacking infrastructure, services and connections to employment.

Managing such rapid growth is a key challenge for the State Government and for the planning system as a whole. Both Liberal and Labour Governments have developed strategic plan for Melbourne to manage this growth.

At first we had **Melbourne 2030** under the Labour Government. This was followed by **Plan Melbourne in 2014** by the Liberal Government.

Both these strategic plans proposed similar solutions to the growth dilemma. In summary these were:

- Halting the urban sprawl of metropolitan Melbourne by establishing an Urban Growth Limit boundary which limited expansion into the Green Wedges and beyond .
- Increasing the supply of (private) housing within the Urban Growth Boundary by planning reforms to promote increased housing density and making this the first priority in any planning decision at local council level and at VCAT.
- Nominating certain precincts in Melbourne for increased growth (Growth Precincts) and Activity Centres (Melbourne 2030) where high rise apartments would be built near transport, employment and social infrastructure. Offsetting this was a promise for greater protection for inner and middle ring suburbs such as the protection of “neighbourhood character and ResCode.
- Changing the planning system through reforming the planning zones which apply across Melbourne in 2014 making it possible to increase density and non-residential development in inner and middle ring suburbs, increasing the population of the CBD with relaxed rules for high rise apartments and developing **Plan Melbourne in 2014** to update Melbourne 2030 for new population targets and integrated employment housing and transport links.
- Proposing the 20 minute city concept in Plan Melbourne 2014 to cluster housing, employment and services together in urban redevelopment programs across metropolitan Melbourne.
- Setting population and housing supply targets for local councils which must be met through their local planning schemes.

In 2015 the Andrews Government has produced a “refreshed” version of Plan Melbourne has released a discussion paper for comment. Please see the paper and how to make a submission at < insert link>.

The 2015 Plan Melbourne accepts the basic strategies outlined above but also includes climate change and housing affordability as issues to be addressed in the Plan. A discussion paper outlining the proposed changes to Plan Melbourne is available for public comment at < > . The Government proposes to release the refreshed Plan Melbourne in the first half of 2016.

Key proposals in Plan Melbourne Refreshed

- Changing the planning system to promote “20 minute cities” where people can live close to their work, walk more and meet their everyday needs
- Protection of the green wedges by locking down the current Urban Growth Boundary and better protection for outer metropolitan or peri-urban areas from inappropriate development
- Better transport linking major activity centres across Melbourne and major regional cities
- More affordable and accessible housing by driving more development to middle ring suburbs rather than new homes on the edge of Melbourne with further changes to planning laws to promote urban renewal in areas like Whitehorse
- Including a reference to climate change and mitigation strategies in state planning , better building design, greener cities, building resilience to climate change effects
- Plan for an expanded CBD and major urban redevelopment areas to include employment and commercial developments to support employment options more evenly across inner, middle and outer Melbourne
- Better transport networks across metropolitan Melbourne.

WERA proposes to make a submission on this paper. Here is a summary of our response:

- WERA supports the inclusion of climate change goals in any planning scheme. Currently, issues of climate change do not appear in our state planning laws except as they apply to development in coastal regions of Victoria.

However, we don't believe Plan Melbourne's strategy to “green our cities” to protect us against climate change are realistic and compatible with increased density. Residents in Whitehorse and other middle ring suburbs have seen how urban consolidation has worked in practice. We have seen the loss of habitat, trees, greenery and amenity in our streets all justified by the need to increase housing supply to meet increased population growth. The quality of most of this development has been poor and inconsistent with environmental sustainability. It is not possible to pursue both increased density and increased greenery and open space. Whitehorse has one of the lowest per capita allocations of public open space in Melbourne, reflecting the style of detached garden suburban development which occurred post World War II and up to the 1990's when urban consolidation strategies appeared. Further densification has not resulted in an increase in open space, increased transport infrastructure or services. It has destroyed mature trees and resulted in poor quality developments which don't meet the needs of a diverse range of residents.

- WERA rejects the basic argument of Plan Melbourne that we can maintain liveability, affordability, sustainability while providing housing for a dramatically increased future population through urban consolidation
- WERA rejects the proposal to further change state and local planning laws to support increased density through urban redevelopment in inner and middle ring suburbs. The previous government introduced planning zone reforms which significantly reduced protections for certain zones in these suburbs and provided for apartment development. No case has been made as to why further “reform” is required particularly in Whitehorse, where there has been a major increase in supply through high rise apartments in the Box Hill Activity Centre which will more than meet the assigned housing capacity target which Council was required to meet.
- There are already questions around the degree of community support for further reform and about the need for a more democratic approach to local and state planning than is proposed in Plan Melbourne. There are other models for planning which are more democratic which recognise the rights of current residents to a say in their own community development which Victoria should consider. One is Vancouver.
- **Plan Melbourne 2015** is fundamentally flawed because it fails to correctly identify the real forces which are creating the growth problems it identifies and attempts to solve.
 - Housing provision is driven by the market and is generally investor-led. There is nothing to suggest that de-regulating planning in middle ring suburbs will result in more affordable and more diverse options for housing across the main demographic demand patterns for different types of housing through the life cycle. For example, double storey unit development of the standard development does not meet the housing needs of older residents, the frail elderly or families. It does not meet the need for affordable housing closer the employment, schools etc.
 - The cost of housing is largely driven by the cost of land. That in turn, is driven by the supply of land and the demand for investment in property. Much of the demand for housing is driven by local and overseas investors and the supply matches their requirements, particularly in relation to price.
 - Demographers Bob Birrell and McClosley ¹ demonstrate that imposing a new housing supply target on middle ring suburbs through redevelopment with increased density will not work. This is because housing demand is driven by demographic, family formation and fertility trends and migration driving population growth rates over the next 50 years. A change in any of these factors has the potential to significantly alter the demand for the supply and type of housing in Melbourne.
 - The Plan wants the contribution to housing supply to dramatically increased in the middle ring suburbs arguing that these are well resourced with social and green infrastructure, schools and health services and business and employment options. They are also well serviced by transport compared to outer Melbourne. However, the baby boomers are not down-sizing and selling their detached home sites in the numbers required to achieve these new housing targets. Rather, they are ageing in place.

¹ The Housing Affordability Crisis in Sydney and Melbourne Report 1 The Demographic Foundations
The Australian Population Research Institute Research Report October 2015 Monash University

- Older residents have a right to stay in their family homes as they age and there is increased awareness of their rights as residents compared to those of younger residents in the family formation stage of their lives. This is a question of who will pay the costs for an ever-expanding population in Melbourne and how will those costs, including the costs in degradation of urban and green infrastructure in middle ring suburbs be allocated across current and future residents?
- Most of the future demand for housing in Melbourne will be from those in the family formation stage of their lives where unit and apartment developments as currently built will be unsuitable. Most of these residents would prefer a detached home with sufficient space for family activities.
- Finally, there is a finite supply of detached housing in high amenity suburbs within 10 kilometres of the Melbourne CBD. Currently at least half of these houses are occupied by residents over 50 and older households are predicted to increase rapidly as the population ages. This group prefers to “age in place” and is generally not able or willing to “downsize” to the apartments and units which are available in their existing suburbs.
- These trends indicate that there will be a mismatch between the dwelling needs of householders to 2022 in Melbourne and the available supply. This is contrary to the expectations of planners in Plan Melbourne that older residents will vacate detached housing and new families will adopt apartment and unit dwelling options in middle ring suburbs in favour of more affordable homes on the perimeter of Melbourne.
- Finally housing costs are largely driven by the availability of land and demand for land. The result is in the middle suburbs supply is limited and prices are high. Building apartments and middle to high density housing in middle ring suburbs by legislative fiat through the State planning system will not make these residences more affordable. The demand in high amenity suburbs means that even the costs of sub-division of a lot and building two houses makes the resulting dwellings too expensive for most aspiring home owners. The high cost of land squeezes the profit margins of developers. They are still able to sell to overseas investors but these dwellings will not meet the needs of residents wishing to purchase their own homes.
- The limits of planning: the 20 minute city concept in Plan Melbourne sounds good but it is impossible to retrofit in established inner and middle ring suburbs. The existing transport and other infrastructures and the “green infrastructure” in middle ring suburbs is already under pressure. Increased density, small lots, the removal of trees and green infrastructure and increased permeability has diminished the “liveability” of these suburbs. There is limited capacity for increasing this green infrastructure to mitigate against climate change if lot sizes are reduced, single dwellings increase in size over the lot smaller units replaced single detached housing. The State Government already has a massive infrastructure investment deficit which it has tried to address by confining new housing development to areas where transport and other infrastructure is already available. Placing further burdens on this infrastructure with limited capacity to expand this infrastructure is unrealistic.

Conclusion

Plan Melbourne Refresh proposes to respond to Melbourne's current and future growth, housing affordability and sustainability challenges through a planning strategy which continues to rely on urban consolidation.

It proposes to use state and local planning legislation reform to force local councils to implement the urban consolidation and densification solution so that inner and middle ring suburbs to contribute a larger supply of housing to meet future demands. For the State Government this is a low cost solution and can be rationalised by environmental and social justice objectives.

It assumes that increasing housing supply, especially in inner and middle ring suburbs will meet the challenges of growth. It assumes there is the capacity for increased land supply and the economic demand for denser housing provision in these areas, that developers can meet a profit in developing this land and that increased supply will reduce the cost of housing. It also assumes that this housing will meet the needs of future residents at a price they can afford to pay.

Plan Melbourne argues that it is possible for Melbourne to continue to grow and maintain its liveability and at the same time resolve all the current problems are experiencing with housing affordability, loss of green infrastructure, declining environmental sustainability and a socially divided city.

While it can pass legislation to make the planning system more developer friendly and facilitate new housing supply in middle ring suburbs, **Plan Melbourne** is hazy about how it will protect the liveability of these suburbs, and how it will ensure that a metropolis can be transformed into a string of urban hubs of 20 minute cities simply through the exercise of the planning system. Perhaps if we build these new houses the rest will follow?

It is pleasing to see that the current Labour Government is now concerned with climate change and affordability of housing as Melbourne grows. However Plan Melbourne provides little evidence that its strategy will deliver improved resilience or housing affordability.

As a result of 30 years of urban consolidation planning reform in Melbourne, there is declining political support for this approach amongst current residents. The previous experience of urban consolidation has been one of constraining local democratic planning decision making in order to pursue the larger consolidation agenda and assigning the costs of this development to the current residents who must accept it in favour of the demands for housing of future residents. This inter-generational transfer is increasingly seen as unfair.

Plan Melbourne is not the solution to Melbourne's growth pains. And there is a high political cost for Governments which pursue very unpopular planning reform agendas which local residents view as unfair and undemocratic.

Plan Melbourne Refreshed is not a feasible or desirable solution from the viewpoint of middle ring suburban residents. It is merely **Plan Melbourne Re-heated** with all the internal contradictions and untested assumptions which marked the original Plan Melbourne in 2014 and its predecessor Melbourne 2030.