

31 January 2022

The Hon Sonja Terpstra MLC  
Chair  
Legislative Council Environment and Planning Committee  
Parliament House, Spring Street  
EAST MELBOURNE VIC 3002

Dear Ms Terpstra,

## **SUBMISSION TO THE INQUIRY INTO THE PROTECTIONS WITHIN THE VICTORIAN PLANNING FRAMEWORK**

I welcome the opportunity to provide Infrastructure Victoria's submission to the Legislative Assembly Environment and Planning Committee Inquiry into the Protections within the Victorian Planning Framework. The inquiry is a valuable opportunity for the Victorian Parliament to consider the performance of the *Planning and Environment Act 1987* and Victorian planning framework.

### **Policy challenge**

In Victoria's inaugural *30-year infrastructure strategy*, published in 2016, one of the top three priorities identified for government action was to increase housing densities in established areas and around employment centres. This is reiterated in *Victoria's infrastructure strategy 2021-2051* and the research which supports it, including our *Density done well* research report.

Encouraging housing growth in established suburbs can bring substantial benefits beyond cost efficiencies when matched with the right land use settings and infrastructure. It can improve liveability and amenity, reduce public infrastructure costs and alleviate development pressure on valuable agricultural and environmental land. Building more homes near public transport and employment centres can improve health outcomes by encouraging physical activity through increased opportunities for walking and cycling. Our research shows that people will support increasing density in good locations with access to public transport, good jobs, local amenities and green open spaces.<sup>1</sup>

*Plan Melbourne* contains a long-term policy aspiration for 70% of new homes to be built in established areas and 30% in growth areas.<sup>2</sup> However, Melbourne is not currently on track to meet this aspiration and the task is likely to become more challenging over time. Our land use and transport modelling of future scenarios, such as increased working from home and electric and autonomous vehicle technologies, shows that these could result in increased urban expansion.<sup>3</sup> This modelling suggests that these new technologies and work practices are likely to decrease the need, inconvenience, or cost of travel, encouraging more people to live further from Melbourne's existing suburbs.

Failure to continue to aim for a more compact urban form will have consequences for infrastructure provision costs, fuelling transport congestion and challenging infrastructure's ability to address Victorians' economic, social and environmental needs.

The Victorian planning system has an important role to play in ensuring the right land use settings are in place to manage urban and regional change and ensure developments makes the best use of existing infrastructure in established areas. To do this, land use and infrastructure should be planned

---

<sup>1</sup> RPS, Infrastructure Victoria 30-year infrastructure strategy engagement report (stage one and two), Melbourne, Infrastructure Victoria, 2020, p. 4, <http://www.infrastructurevictoria.com.au/wp-content/uploads/2020/05/Density-done-well-engagement-report-FINAL.pdf>

<sup>2</sup> Department of Environment, Land, Water and Planning, Plan Melbourne 2017–2050, Melbourne, Victorian Government, 2017, pp.47, [https://www.planmelbourne.vic.gov.au/data/assets/pdf\\_file/0020/377111/Plan\\_Melbourne\\_2017\\_Outcome\\_2\\_PDF.pdf](https://www.planmelbourne.vic.gov.au/data/assets/pdf_file/0020/377111/Plan_Melbourne_2017_Outcome_2_PDF.pdf)

<sup>3</sup> Infrastructure Victoria, Major transport program strategic assessment report, 2021, <https://www.infrastructurevictoria.com.au/wp-content/uploads/2021/08/Major-Transport-Program-Strategic-Assessment-Report.pdf>; Infrastructure Victoria, The post-pandemic commute – The effects of more working from home in Victoria, 2021, <https://www.infrastructurevictoria.com.au/wp-content/uploads/2021/11/The-post-pandemic-commute.pdf>

to ensure that growth is directed to places where infrastructure and environmental conditions can support it.

This submission draws on recommendations made in Infrastructure Victoria's *infrastructure strategy 2021-2051* and published research. It addresses the following topics from the terms of reference:

- The high cost of housing in the context of the planning system
- Environmental sustainability and vegetation protection within the planning framework
- Delivering certainty and fairness in planning decisions for communities.

## **1. The high cost of housing in the context of the planning system**

### **1a. Provision of social housing**

*Victoria's infrastructure strategy 2021-2051* recommends that the Victorian Government publicly set long-term targets for social housing. The Big Housing Build program will build 9,300 dwellings over a 10 year period. While this is laudable, more needs to be done to achieve the national benchmark of 4.5 social housing properties for every 100 households, from the current provision rate of 3.2 per 100 households.<sup>4</sup> Our estimates indicate that between 3,900 to 4,900 extra dwellings will need to be constructed each year by 2031, depending on population growth rates.<sup>5</sup>

At the same time, the condition of existing social housing stock is deteriorating. Many homes no longer meet the needs of tenants. There is a mismatch between the public housing stock that exists, with half of dwellings having three bedrooms, and what people need, with around 80% of new applicants requiring a one or two-bedroom dwelling.<sup>6</sup> Older low-rise apartments or 'walk ups' are inaccessible for some older people and people with a disability. Many dwellings also have low energy efficiency standards. This undermines affordable living, resulting in increased energy bills for tenants, and poor health outcomes.

We further recommend that sites for new social housing are located in places with good access to jobs, transport and services. This includes fast growing regional cities like Ballarat, Bendigo and Geelong where appropriately located social housing can address the drivers of regional disadvantage.

We recommend that the Victorian Government:

- Set targets to grow social housing (Strategy recommendation 68). In the next year, set a transparent state-wide social housing growth target to reach and maintain at least the national average of 4.5 social housing dwellings for every 100 households by 2031
- Rapidly renew old public housing (Strategy recommendation 55). Rapidly renew dilapidated public housing properties to improve functionality, accessibility and energy efficiency with a priority to renew at least half of all older low-rise apartments and older three bedroom detached dwellings by 2031
- Expand social housing in regional centres, in locations with good access (Strategy recommendation 93). Focus social housing investments in regional centres, near transport and services, for better access to health, social and economic support.

### **1d. Population policy, state and local**

In *Growing Victoria's potential* (2019) we considered the role of the regions to accommodate population growth. With Melbourne's population likely to grow by around 3.2 million people by 2051, diverting a portion of this growth to regional Victoria is likely to have large consequences for

---

<sup>4</sup> Infrastructure Victoria calculations based on: Steering committee for the review of commonwealth/state service provision, report on government services 2021, Part G: Housing and Homelessness, Housing Data Tables, Table 18A.3, Productivity Commission and Australian Bureau of Statistics, Household and family projections, 2016 to 2041, Household projections,

<sup>5</sup> Infrastructure Victoria calculation based on: Department of Environment, Land, Water and Planning, Victoria in future 2019, Melbourne, VIC, 2019, Data Table: Data for Victoria and major regions

<sup>6</sup> Victorian Auditor-General's Office, Managing Victoria's public housing, Victorian Government, 2017, p. 20

infrastructure planning, costs and delivery. Moving half of this growth would result in an extra 65,000 people in regional Victoria each year between 2017 and 2051.<sup>7</sup>

The infrastructure solutions for supporting major growth in regional Victoria are different to those required for infill development in Melbourne or expansion on Melbourne's fringe. Existing infrastructure may not be well equipped to accommodate additional growth. For example, many regional Victorian towns and cities offer smaller scale infrastructure that is often more difficult to leverage, have greater transmission costs to supply energy and water, and potentially greater environmental constraints on development. It would also require a vastly different infrastructure investment program, which cannot be assumed to result in savings.

We recommend that regional investment should be targeted to build on a region's competitive strengths or reduce place-based disadvantage. Regional investment that aims primarily to take pressure off Melbourne is unlikely to be an effective solution to population growth challenges.

Although the Covid-19 pandemic has temporarily paused population growth, our research shows pressure on outward expansion in Melbourne and regional cities has continued. Based on ABS building approval figures, Infrastructure Victoria estimates that over the past four quarters new housing development in established Melbourne (versus its growth areas) has neared a 50:50 split.<sup>8</sup>

To address this, we recommend the Victorian Government set clear policy directions for the future location of housing by identifying and encouraging more homes in priority established areas. This will ensure we make best use of the available land within the urban growth boundary.

- Support more homes in priority established areas (Strategy recommendation 35). In the next year, identify new priority locations in established suburbs for residential intensification to better use existing infrastructure. Following this, in partnership with local government, review planning settings to allow increased housing density. This approach can also apply to priority locations experiencing growth in the established areas of regional cities

#### **1f. Mandatory affordable housing in new developments**

There is a shortage in Melbourne of over 50,000 affordable private rental dwellings for people in the bottom 20% of incomes. These very low-income households are unlikely to be able to secure affordable rental housing in the private market, with 90% experiencing rental stress.<sup>9</sup>

Infrastructure Victoria supports requirements for affordable housing where rezoning results in property value uplift. Value-capture mechanisms should prioritise households on very low incomes where there is greatest need.

- Use value-capture mechanisms to deliver very low income housing (Strategy recommendation 36). Within the next two years, change and actively apply planning regulations to provide affordable rental housing for Victorians on very low incomes in places with good access to public transport and services, when they are re-zoned for more intensive residential use in partnership with local government, review planning settings to allow increased housing density.

## **2. Environmental sustainability and vegetation protection within the planning framework**

Population growth and development are reducing private open space, gardens and tree canopy cover in established and growth area suburbs. This is making the role of public spaces like streets and roads even more important to provide open space and vegetation for cooling and greening.

---

<sup>7</sup> Infrastructure Victoria, Growing Victoria's potential, Melbourne, VIC, 2019, p. 10 and p. 18, <http://www.infrastructurevictoria.com.au/wp-content/uploads/2019/04/Growing-Victorias-Potential-April-2019.pdf>

<sup>8</sup> Australian Bureau of Statistics, Building Approvals, Australia, May 2021

<sup>9</sup> K. Hulse et al., *The supply of affordable private rental housing in Australian cities: short-term and longer-term changes*, Melbourne, Australian Housing and Urban Research Institute Limited, 2019, p. 42

Victorians build some of the world's largest houses.<sup>10</sup> At the same time, average lot sizes in regional and metropolitan growth areas are falling.<sup>11</sup> Denser housing in new suburbs means more driveways and crossovers, and dramatically reduced land for canopy trees. Some utility and road safety standards may limit tree planting. Underground electricity, telecommunications, gas, water, drainage and sewers require tree root clearance to prevent damaging pipes and conduits.<sup>12</sup>

*Victoria's infrastructure strategy 2021-2051* recommends a target of 30% tree canopy coverage in new growth areas. This target should encourage more trees on both public and private land. Public land should accommodate a maximum of 70% of that required canopy cover. Existing trees can count towards a minimum of 30% canopy cover on private land, also preserving biodiversity. To ensure success, the Victorian Government should develop clear compliance guidelines for planning approvals and Precinct Structure Plans and undertake monitoring and enforcement.

- Target 30% tree canopy coverage in new growth areas (Strategy recommendation 77). Over the next 30 years, achieve 30% tree canopy coverage in new growth areas by mandating coverage during precinct development, funding relevant Victorian Government agencies and local government to plant, replace and maintain canopy trees, and work with utility providers to remove barriers to tree planting.

In established areas, historical land use decisions and continued urban change have also resulted in diminishing private space and tree canopy cover. More well-designed, accessible public open space can help compensate for this loss. The benefits of open space can be maximised when open spaces are interconnected, providing opportunity for shaded corridors to support walking, cycling and habitat connectivity. The principle of interconnected open space can also address uneven open space distribution, improving quality while supporting these diverse functions like active transport, recreation and conservation.

Despite interconnection being a longstanding policy goal of the Victorian Government, new open spaces are often delivered in isolated patches. State and local government planning often emphasise access, without measuring how new open spaces contribute to the goal of increased connectivity.<sup>13</sup>

*Victoria's infrastructure strategy 2021-2051* recommends that existing funding mechanisms should be reviewed to determine whether they are improving open space access, connectivity, and provision. Currently, planning laws allow local councils to specify open space contributions when developers subdivide land, to compensate for reduced private open space in subsequent residential densification. These were adopted in 1966, but have never been reviewed by the Victorian Government. A 2008 Victorian Government Parliamentary Inquiry recommended developing more effective, enforceable and transparent developer open space contributions, and ensuring cash-in-lieu contributions are used to both buy and improve open space.<sup>14</sup>

- Develop an interconnected open space network (Strategy recommendation 37). In the next three years, help create an interconnected open space network and extend the urban tree canopy, by providing direct funding, and reviewing and reforming the developer open space contribution scheme

Infrastructure Victoria has also made recommendations about climate change adaptation and mitigation, including the need to plan for and respond to the risks facing Victoria's coastline. We have highlighted that land use and infrastructure planning is necessary to prepare for increased flooding and erosion as a result of sea level rise and storm surges.

---

<sup>10</sup> James, Craig and Ryan Felsman, Bigger apartments over the past year - CommSec Annual Home Size Report, November 1, 2021, CommSec, [https://www.commssec.com.au/content/dam/EN/ResearchNews/2021Reports/November/ECO\\_Insights\\_011121-CommSec-Home-Size-Report-2021.pdf](https://www.commssec.com.au/content/dam/EN/ResearchNews/2021Reports/November/ECO_Insights_011121-CommSec-Home-Size-Report-2021.pdf)

<sup>11</sup> RPM Real Estate Group, 3 Greenfield Market Report, 2021, <https://www.rpmrealestate.com.au/market-continues-to-defy-expectations/>

<sup>12</sup> 6 Energy Safe Victoria, Underground assets (website: accessed 13 April 2021), <https://esv.vic.gov.au/technical-information/electrical-installations-and-infrastructure/no-go-zones/underground-assets/>; Melbourne Water, Planting near sewers, drains and water mains guide, June 2009

<sup>13</sup> K. Oh, D. Lee and C. Park, 'Urban ecological network planning for sustainable landscape management', *Journal of urban technology*, vol.18, no.4, 2011, pp. 39–59; A.J. Lynch, 'Creating effective urban greenways and stepping-stones: four critical gaps in habitat connectivity Planning research', *Journal of planning literature*, vol.34, no.2, 2019, pp. 131–155.

<sup>14</sup> Select Committee of the Legislative Council on Public Land Development, Final report, Melbourne, Victorian Government, 2008, p. 10 <https://www.parliament.vic.gov.au/archive/council/publicland/Reports/Final%20Report.pdf>

Victoria's planning scheme has an important role to protect communities by ensuring development does not occur in places facing extreme risk of coastal hazards. Victoria's coastal planning framework should be supported by climate scenarios. These scenarios may show some coastal areas face serious challenges supporting future habitation. Under these conditions, land use and infrastructure planning for Victoria's coasts should provide clear guidance on when to invest in engineered or environmental infrastructure solutions, or when to plan for retreat.

- Invest in protection and adaptation for Victoria's coasts (Strategy recommendation 18). In the next year, develop clear guidance on coastal adaptation planning, including thresholds, triggers, and planning guidelines to support local area decision-making.

### 3. Delivering certainty and fairness in planning decisions for communities

To help inform our understanding of community acceptance of housing density, we conducted community research in late 2019 with a diverse group of residents from Footscray, Camberwell and Heidelberg. Across these three suburbs, residents developed and agreed on the seven most important themes for doing density well: quality urban design, public transport, housing affordability and choice, good public environment, pedestrian friendly places, accessible places and community safety.<sup>15</sup> When asked to prioritise these themes, we heard that quality urban design was the most important precondition for good density. Participants agreed on three further principles for quality urban design:

- Quality design and production of built form that is well integrated into local design character including green space (more than the bare minimum) and sustainability of environment
- Diverse mix of residential and industrial and commercial development to genuinely support 20-minute neighbourhoods and public transport
- Maintain the integrity of the natural environment including fauna and flora.<sup>16</sup>

While there were some areas of difference among the participants, our research highlighted that people are willing to embrace increased housing density under the right conditions. Melburnians of all ages want to live in homes that range from houses, townhouses and apartments, which can be possible if density is done well.

This research suggests that improved design standards could address some of the causes of community concern around increasing density. *Victoria's infrastructure strategy 2021-2051* identifies the opportunity for design review panels to improve design quality and community acceptance of density.

- Support more homes in priority established areas (Strategy recommendation 35). We recommended that the Victorian Government partner with local government to develop a design review process for significant development in priority locations. This process could formally incorporate design considerations through early engagement with project proponents.

Thank you again for the opportunity to provide feedback on protections within the Victorian planning framework. If the Committee would like to discuss Infrastructure Victoria's submission, please contact me or Mr Peter Kartsidimas, Director of Networks and Planning, on 0431 869 123 or at [peter.kartsidimas@infrastructurevictoria.com.au](mailto:peter.kartsidimas@infrastructurevictoria.com.au).

Yours sincerely,



Dr Jonathan Spear

**A/Chief Executive Officer**

---

<sup>15</sup> RPS, Infrastructure Victoria 30-year infrastructure strategy engagement report (stage one and two), Melbourne, Infrastructure Victoria, 2020, p. 26

<sup>16</sup> RPS, Infrastructure Victoria 30-year infrastructure strategy engagement report (stage one and two), Melbourne, Infrastructure Victoria, 2020, p. 28

## Attachments

*Victoria's infrastructure strategy 2021-2051* – Attachment 1

<https://www.infrastructurevictoria.com.au/wp-content/uploads/2021/08/1.-Victorias-infrastructure-strategy-2021-2051-Vol-1.pdf>

*Density done well engagement report* – Attachment 2

<https://infrastructurevictoria.com.au/wp-content/uploads/2020/05/Density-done-well-engagement-report-FINAL.pdf>

*The post-pandemic commute* – Attachment 3

<https://www.infrastructurevictoria.com.au/wp-content/uploads/2021/11/The-post-pandemic-commute.pdf>

*Growing Victoria's potential* – Attachment 4

<https://www.infrastructurevictoria.com.au/wp-content/uploads/2019/04/Growing-Victorias-Potential-April-2019.pdf>

*Major transport program strategic assessment report* – Attachment 5

<https://www.infrastructurevictoria.com.au/wp-content/uploads/2021/08/Major-Transport-Program-Strategic-Assessment-Report.pdf>