

Report to the Future Melbourne (Planning) Committee

Agenda item 6.3

Homes for People Housing Strategy

18 November 2014

Presenter: David Mayes, Manager Strategic Planning

Purpose and background

1. The purpose of this report is to seek the Future Melbourne Committee's endorsement of *Homes for People*, the City of Melbourne's Housing Strategy 2014–18 (Strategy) at Attachment 2.
2. The draft Strategy was endorsed for public consultation at the Future Melbourne Committee on 10 June 2014. The consultation was held from 11 June to 8 August 2014 and received significant interest and media coverage.
3. The completion of the Strategy was a priority action in the Council's Annual Plan and Budget 2013–14 flowing from Council's four-year priority to facilitate private and public development of a diverse and more affordable housing stock to accommodate population growth.

Key issues

4. The draft Strategy proposed 12 actions for Council to take over three years to achieve the Housing Strategy's three goals. These goals are to:
 - 4.1. Help provide at least 1721 affordable new homes (subsidised) for low and moderate income earners by 2021.
 - 4.2. Improve the design quality and environmental performance of new apartments.
 - 4.3. Foster a high level of awareness and knowledge around good housing outcomes.
5. The majority of responses from the public consultation supported the draft Housing Strategy. In all 106 responses were received, consisting of 87 online feedback forms and 19 submissions from government, industry stakeholders, community groups and residents/individuals. The responses focussed on the draft Strategy's three goals and 12 actions. Refer to the consultation summary report at Attachment 3. The full submissions are at Attachment 4.
6. In response to comments received, the final Strategy retains the 3 goals and 12 actions but with greater clarity and information throughout the document, particularly for Action 1 Affordable Housing on City of Melbourne owned land, Action 2 Density bonuses and Action 3 Inclusionary zoning. Refer to Attachment 3 for all the proposed changes to the post consultation version of the Strategy.
7. Implementation of the Strategy will require ongoing partnerships with the Victorian Government and housing industry stakeholders in the private and not-for-profit sectors. Consultation submissions strongly support setting up a Housing Advisory Committee (per Action 10) to help achieve this.
8. The Commonwealth Government has committed to produce a white paper on The Reform of the Federation by the end of 2015 and as part of this process, will produce an issues paper this year on housing and the homeless. As this may affect the parts of the draft Strategy that relate to subsidised affordable housing, it suggested that the Committee require a further review when new Commonwealth-State arrangements on housing are finalised.

Recommendation from management

9. That the Future Melbourne Committee:
 - 9.1. endorses Homes for People Housing Strategy 2014–18
 - 9.2. instructs that the Strategy be further reviewed when new Commonwealth-State arrangements on housing are finalised
 - 9.3. authorises the Director City Planning and Infrastructure to make any further minor editorial changes to Homes for People prior to publication.

Attachments:

1. Supporting Attachment
2. Homes for People Housing Strategy 2014-18
3. Consultation summary
4. Consultation responses

Supporting Attachment

Legal

1. There are no known legal implications arising from the recommendation from management.

Finance

2. Actions in the Strategy will be subject of the usual annual budget bids. There are no immediate financial implications arising from the Strategy for the 2014–2015 financial year.

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

4. Council began a housing conversation in 2013 with the release of the City of Melbourne's discussion paper Future Living, which identified issues and options for housing our community. We engaged extensively with the community and industry stakeholders on how we could help overcome the challenges and achieve better housing outcomes. The community engagement won an Award of Excellence in Public Engagement and Community Planning from the Planning Institute of Australia (Vic). The goals and actions in the draft Strategy were directly informed by from the community engagement on Future Living.
5. The draft Strategy was subject to public consultation from 11 June to 8 August 2014. It was widely promoted and received significant media coverage, receiving a total media audience of 1,613,360 people.
6. The consultation sought feedback on the draft strategy's three goals and 12 actions. It was focused on the City of Melbourne's online engagement portal Participate Melbourne and included a video to illustrate how the 12 actions could help people decide their housing requirements at different stages of their lives. Industry stakeholders and the broader community could comment on the draft strategy via an online feedback form or formal submission. More detail on the consultation is in Attachment 3.

Relation to Council policy

7. The Strategy is consistent with Council's broader policy objectives to deliver sustainable urban renewal in the municipality as outlined in the Municipal Strategic Statement, the Southbank Structure Plan, the Arden-Macaulay Structure Plan and the City North Structure Plan. This delivers on Council's City for People goal.

Environmental sustainability

8. The Strategy supports the delivery of sustainable neighbourhoods through its focus on improving the quality of high-density developments. It includes recommendations to address the quality of apartment buildings which will improve environmental performance, in particular with the aim to reduce energy usage through better building design and layouts.

HOMES FOR PEOPLE HOUSING STRATEGY

2014-2018





A CITY FOR PEOPLE

We support our community members - whatever their age, sex, physical ability, socio-economic status, sexuality, or cultural background - to feel like

they can be active, healthy and valued. We plan and design for our growing city, including safe, healthy and high-quality public spaces.

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CHECK OUT

how you can participate in the decision-making process for some of City of Melbourne's current and future initiatives.

The strategy has been informed by the following documents produced for the development of this housing strategy:

- **Consultation Summary: Homes for People Draft Housing Strategy**, City of Melbourne, 2014
- **Consultation responses: Homes for People Draft Housing Strategy**, City of Melbourne 2014
- **Future Living Community Engagement Findings**, City of Melbourne, 2013
- **Future Living, a discussion paper identifying issues and options for housing our community**, City of Melbourne, 2013
- **Understanding the Social Outcomes of Housing**, SGS Economics & Planning and AHURI, 2013
- **Understanding the Property and Economic Drivers of Housing**, SGS Economics and CBRE, 2013.
- **Understanding the Quality of Housing Design** City of Melbourne, 2013
- **Dwelling Stock and Diversity in the City of Melbourne**, City of Melbourne, 2012.



These documents can be viewed at melbourne.vic.gov.au/housing

The strategy has also drawn on very useful work and research by others which is referenced throughout the document and in the bibliography. The following documents were of particular relevance:

- **Delivering diverse and affordable housing on infill development sites**, Rowley, S. and Phibbs, P. (2012), AHURI Final Report No.193. Melbourne: Australian Housing and Urban Research Institute.
- **Affordable housing, urban renewal and planning: emerging practice in Queensland, South Australia and New South Wales**, Davison, G. et al. (2012) AHURI Final Report No.195. Melbourne: Australian Housing and Urban Research Institute.
- **Renovating Housing Policy**, Kelly, J-F., Hunter, J., Harrison, C., Donegan, P., 2013, Grattan Institute, Melbourne.
- **Getting to Yes: Overcoming barriers to affordable family friendly housing in inner Melbourne**, Martel, A., Whitzman, C., Fincher, R., Lawther, P., Woodcock, I. and Tucker, D., 2014, University of Melbourne.

Issue 4

Homes for People
Housing Strategy 2014-2018

30 October 2014

Disclaimer

This report is provided for information and it does not purport to be complete. While care has been taken to ensure the content in the report is accurate, we cannot guarantee it is without flaw of any kind. There may be errors and omissions or it may not be wholly appropriate for your particular purposes. In addition, the publication is a snapshot in time based on historic information which is liable to change. The City of Melbourne accepts no responsibility and disclaims all liability for any error, loss or other consequence which may arise from you relying on any information contained in this report.

WELCOME



Copy to be
inserted following
Future Melbourne
Committee meeting

Robert Doyle, Lord Mayor

**Councillor Ken Ong, Future Melbourne
(Planning) Committee Chair**

STRATEGY SNAPSHOT

Our aspiration

Housing is a fundamental human need and the foundation of a good quality of life. It plays an important role in people's health and wellbeing, in people's ability to access jobs, in bringing communities together and in shaping our city. Homes are private places to retreat, to relax, unwind and sleep, to cook, socialise, study or work, to raise children, to recuperate, to celebrate and to just be.

This Housing Strategy, *Homes for People*, a priority action for the City of Melbourne, helps achieve our established aspiration for an inner and central city where housing is affordable, well-designed and meets the diverse needs of our residents. It concentrates on new housing in our growth areas (our urban renewal areas and the Hoddle Grid) where the majority of new housing will occur. The strategy focuses on apartments as they are, and will continue to be, the predominant housing choice in the municipality.

It is based on a thorough evidence base to provide clear, achievable actions that the City of Melbourne can do within our local government role and our sphere of influence. A commitment to ensuring everyone can enjoy a good quality of life, now and into the future, underpins this strategy.

Future Living

We began a housing conversation in 2013 with the release of our discussion paper *Future Living*, which identified the current housing challenges in the municipality. We engaged extensively with the community and industry stakeholders on how we could help overcome the barriers currently in place to achieving our aspiration.

We heard that the City of Melbourne has a good understanding of housing issues and is well placed to act, working in partnership with key stakeholders to help achieve our aspiration.

Housing challenges

Housing is one of the most broad and complex issues faced by cities today and Melbourne is no exception. We have identified some key pieces of knowledge around housing in the City of Melbourne that help us understand and address the challenges we face. They are:

- Government has an important role in influencing housing outcomes
- Affordability means different things to different people
- There is a need for more affordable (subsidised) housing in the municipality
- Tax structures favour homeowners and property investors
- Our problem is not land supply
- High land values and construction costs are impacting affordability, housing mix and design quality
- Development finance and viability are crucial to deliver new housing
- Investors have a dominant influence on the (lack of) housing mix and quality
- Buying a home in the inner city is outside the reach of many households
- High levels of housing supply isn't delivering a good housing mix and social diversity
- Quality, amenity and performance are decreasing while density is increasing
- The majority of high-rise housing in our municipality delivers poor environmental performance
- Mix and affordability impact on long-term community building and support for a vibrant cultural life

Homes for People helps achieve our established aspiration for an inner and central city where housing is affordable, well-designed and meets the diverse needs of our residents.

Our housing goals

Homes for People has the following three goals that will help us achieve our aspiration. The goals address our housing challenges and have been strongly informed by industry stakeholders and the wider community. They are interdependent and are required for the long term sustainability and liveability of Melbourne.



GOAL 1

HELP PROVIDE AT LEAST 1721 AFFORDABLE HOMES (SUBSIDISED) FOR LOW AND MODERATE INCOME EARNERS BY 2021



GOAL 2

IMPROVE THE DESIGN QUALITY AND ENVIRONMENTAL PERFORMANCE OF NEW APARTMENTS



GOAL 3

FOSTER A HIGH LEVEL OF AWARENESS AND KNOWLEDGE AROUND GOOD HOUSING OUTCOMES

The City of Melbourne has identified the following 12 actions to be delivered over the next three years to help achieve our goals. The actions work together, as in some instances an action may help to deliver more than one goal.

1. Affordable housing on City of Melbourne owned land

As part of the comprehensive redevelopment by the City of Melbourne of land it owns, we will consider including up to 20 per cent of dwellings constructed being made available as affordable housing to a registered Affordable Housing Provider.

2. Development bonuses

Support development bonuses to incentivise the provision of affordable housing through the planning scheme in Arden-Macaulay and encourage in other new urban renewal areas (Fishermans Bend and E-gate).

3. Inclusionary zoning

Require 15 per cent affordable housing (subsidised) through inclusionary zoning in the planning scheme in all growth areas (urban renewal areas and the Hoddle Grid).

4. Victorian Apartment Design Standards (underway)

Work with the Victorian Government and other key stakeholders to deliver the *Victorian Apartment Design Standards*.

5. Ratings tool

Work with the Victorian Government and other stakeholders to create a ratings tool for new housing development.

6. Higher density living paper

Work with the Victorian Government and other stakeholders on a good design and higher density living paper.

7. Good housing campaign

Develop a campaign to help raise awareness of good housing.

8. Resident surveys

Undertake surveys of residents living in apartments in new high density developments to help inform future actions, policies and the market.

9. Inner city coordination

Coordinate the successful delivery of local housing strategies with the Metropolitan Planning Authority, members of the Central Subregion and the Inner Melbourne Action Plan.

10. Housing Advisory Committee

Set up a Housing Advisory Committee to help develop evidence, knowledge and partnerships with industry and community stakeholders and help implement the Housing Strategy.

11. Annual reporting

Report annually to the Future Melbourne Committee on the implementation of the Housing Strategy.

12. City of Melbourne Apartment Design Standards (if required)

Develop a planning scheme amendment for improved apartment design quality in the municipality to complement the Victorian-wide standards.

PART ONE

OUR ASPIRATION AND CHALLENGES

In this part you will find out:

- Why we have produced a housing strategy and what the strategy covers
- What we learnt during our community engagement on *Future Living*
- The key pieces of knowledge around housing that together help us understand and then directly address the challenges we face

1. WHAT ARE WE TRYING TO ACHIEVE?

Our aspiration

The City of Melbourne’s vision is to be *a bold, inspirational and sustainable city*. It is important that we meet our responsibilities to our community and do the most that we can within our sphere of influence to achieve positive housing outcomes for the city.

To this end, the preparation of this draft Housing Strategy, *Homes for People*, is a priority action for the organisation. It helps achieve our established aspiration for an inner and central city where housing is affordable, well-designed and meets the diverse needs of our residents (derived from our *Municipal Strategic Statement* in the *Melbourne Planning Scheme*).

The importance of housing

Housing is a fundamental human need and the foundation of a good quality of life. It plays an important role in people’s health and wellbeing, in people’s ability to access jobs, in bringing communities together and in shaping our city. Homes are private places to retreat, to relax, unwind and sleep, to cook, socialise, study or work, to raise children, to recuperate, to celebrate and to just be.

Housing plays a critical role in the economy by stimulating investment and job growth. Buying a home is typically the largest purchase an individual will make in their life, undertaking a significant debt commitment for longer-term financial security. Eighty five percent of new apartments are being purchased by investors emphasising the importance housing plays as a financial product in the municipality.

Many of the current challenges in delivering our aspiration derive from this dual, sometimes competing, role that homes play as a financial asset and as the foundation of a resident’s or community’s health and wellbeing, whether as renters or owners.

Future Living

We began a housing conversation in 2013 with the release of our discussion paper *Future Living* (City of Melbourne, 2013d) which was informed by an expert industry panel and background evidence papers. *Future Living* identified the current housing challenges in the municipality as:

Declining housing affordability

- Insufficient affordable housing for vulnerable community members
- Poor access to affordable housing for low income key workers
- Rising costs of housing outpacing growth and inflation

Poor diversity of housing choices

- Housing designed as an investor product
- Predominance of 1 and 2 bedroom apartments
- Lack of schools impacting demand for family living in the city
- Lack of resilience in housing stock

Poor quality design and amenity

- Shrinking apartment sizes
- Poor apartment layout and amenity
- Poor environmental performance

Feedback from the community on *Future Living* generally favoured issues and options around housing affordability and design quality rather than housing diversity. This was consistent with the findings from industry stakeholders who suggested that a diversity of housing choices could be seen as an outcome of more affordable and better quality homes. Options to improve the design quality, amenity and environmental performance of housing were seen as more important to residents already living in the municipality, whereas those who aren't placed a greater emphasis on housing affordability.

Most importantly, we heard that the City of Melbourne has a good understanding of housing issues and is well placed to act, working in partnership with key stakeholders to help achieve our aspiration.

More detailed findings of this engagement are referenced throughout this strategy and detailed in *Future Living Community Engagement Findings* (City of Melbourne, 2013c).

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pop-up and online participants during the community engagement on *Future Living*

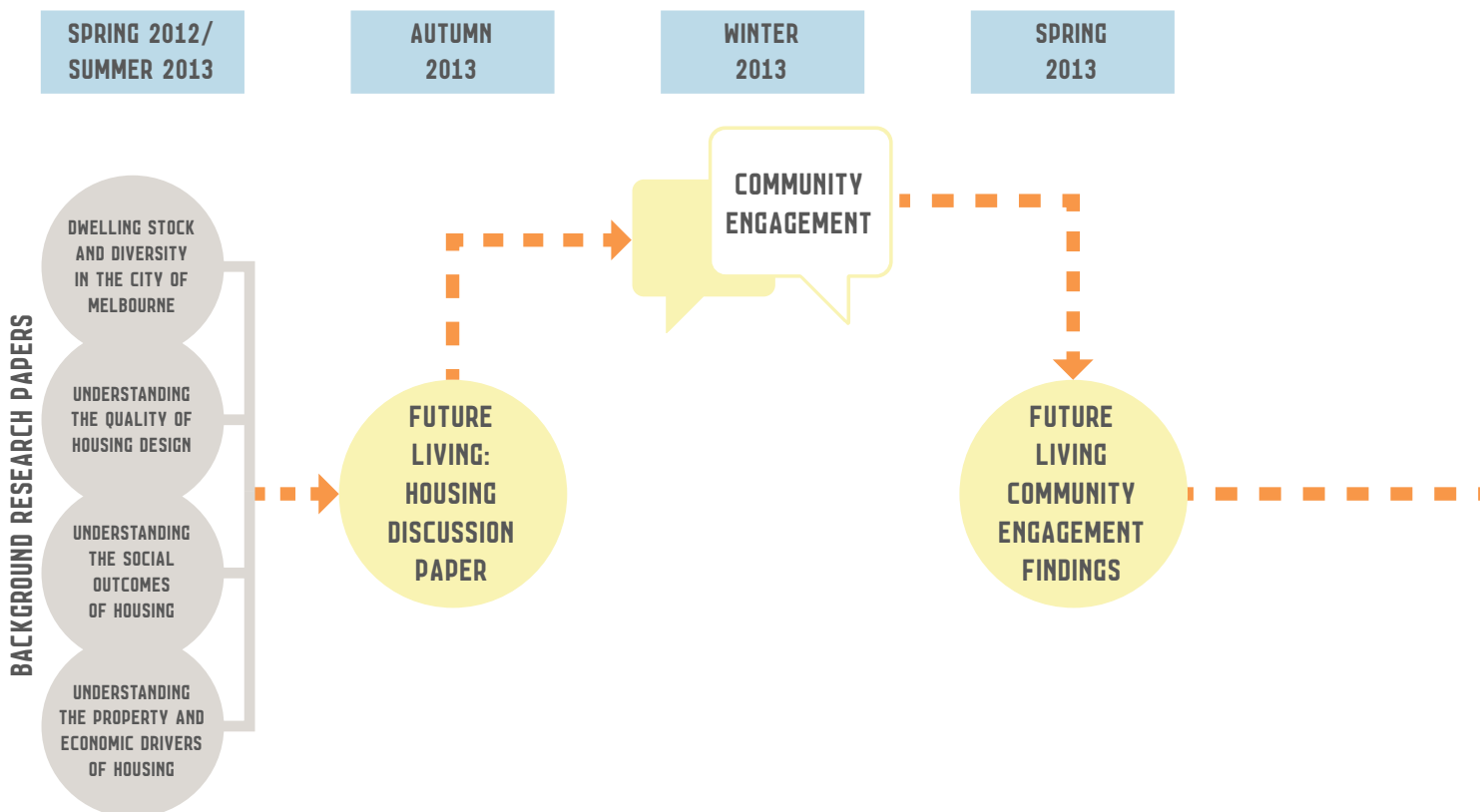


Figure 1.1: Our process of producing a Housing Strategy

Draft Housing Strategy

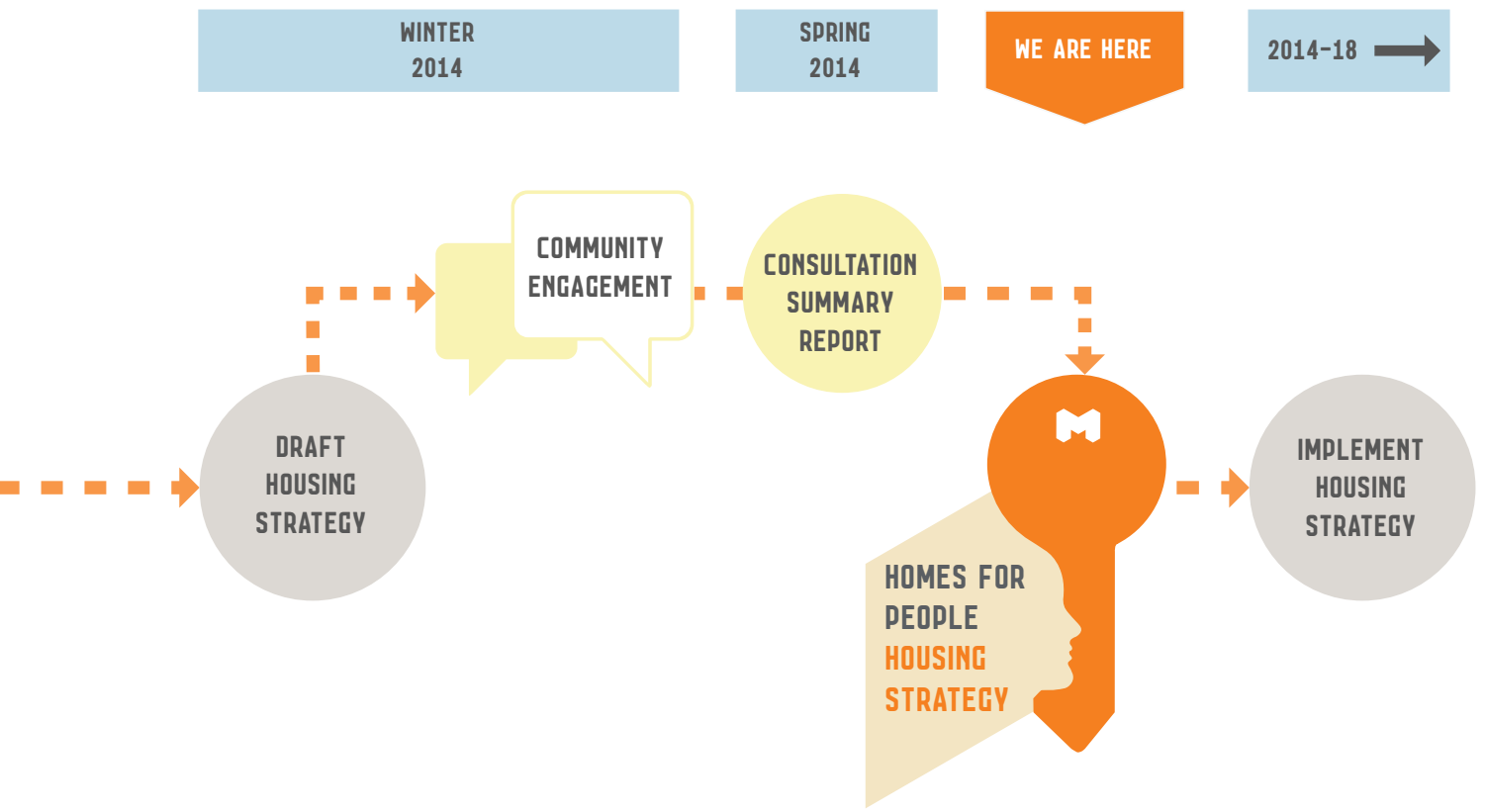
A draft version of Homes for People was subject to community consultation from June to August 2014. The draft strategy was widely promoted and received significant media coverage.

The consultation, utilising the City of Melbourne’s online engagement portal Participate Melbourne, focussed on feedback on the 3 goals and 12 actions in the draft strategy. One hundred and six responses were received which have helped inform the final strategy. There was strong overall support for the strategy and its 3 goals and 12 actions. Further clarification and explanation has been included in the final strategy to respond to the comments received.

More information on the consultation on the draft strategy, including detailed responses to each submission, is included in *Homes for People Draft Housing Strategy Consultation Summary Report* (City of Melbourne, 2014).

Victorian Government context

Plan Melbourne, the Victorian Government’s Metropolitan Planning Strategy released in 2014, generally supported the findings of *Future Living*, in particular the need to improve apartment design quality. It recognised that *Future Living* provided a comprehensive assessment of many of the issues that need to be addressed in terms of quality, design and layout of apartment developments.



The recently released draft *Planning Policy Framework* (PPF), which proposes updates to the existing *State Planning Policy Framework* (SPPF) includes objectives to improve housing outcomes, including to provide for a range of housing types, to improve housing affordability in areas close to jobs, transport and services and to support well-designed housing. A number of strategies are identified to support each objective which include facilitating affordable housing, a mix of housing types and to design development to provide good amenity for residents.

Australia's other capital cities, particularly Sydney, are also experiencing significant housing affordability issues, as are many other global cities currently with significant population growth, including London, New York and Vancouver.

Our growth

The City of Melbourne is growing quickly and will continue to do so. Since 2001, our residential population has approximately doubled to over 116,000 people living in over 68,000 homes. Our residents are attracted to the lifestyle, education and work opportunities, services and conveniences.

This growth is expected to increase in the near future with the number of dwellings under construction increasing rapidly. In 2013, the City of Melbourne was the fastest growing local government area in Australia with 11,000 new residents. There were more than 3000 dwellings completed in 2013 which is expected to increase to 5000 dwellings in 2014 and then up to 8000 in 2015.

By 2021, the residential population of the municipality is estimated to be over 150,000 residents living in 92,000 homes, increasing to over 190,000 residents living in over 115,000 homes by 2031.

Employment growth over the coming years and decades is also projected to remain strong and will continue to drive

116,447

residents currently living in the City of Melbourne (ABS, June 2013)

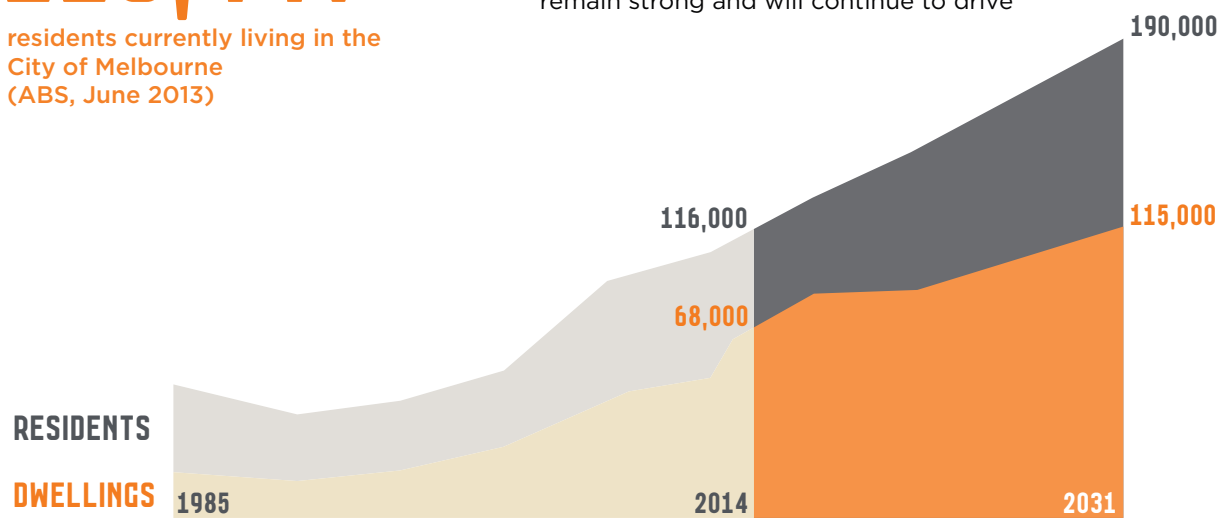


Figure 1.2: Historical, current and projected population and dwelling growth in the City of Melbourne

housing demand in the municipality. It will be important, therefore, to ensure that workers essential to Melbourne's economic future are able to live close to new jobs.

Melbourne is well known as a vibrant city where education, cultural diversity and innovation are supported and celebrated. This requires housing that is affordable to students and those working in the creative arts and other similar fields. Our reputation as a thriving city of the arts and education could be threatened if housing affordability continues to decline.

Plan Melbourne predicts there will be an additional 310,000 dwellings in the central city and surrounds by 2051. This area, referred to as the 'Central Subregion' in *Plan Melbourne*, is projected to grow from 485,000 residents in 2013 up to 765,000 residents by 2031. This will help support Melbourne's central city as Australia's largest business centre with a growth from 435,000 jobs in 2011 to almost 900,000 jobs by 2051.

Considering the predicted growth, our aspiration for affordable, well-designed housing is not only a basic requirement to be welcoming and accessible for people from all walks of life but is also an essential component in creating successful neighbourhoods, servicing a growing economy and leaving a positive lasting legacy which successfully balances the social, environmental and economic needs in one of the world's most liveable cities.

This is recognised in *Plan Melbourne*, which states that the Victorian Government will provide a diversity of housing in defined locations that cater for different households and are close to jobs and services. *Plan Melbourne* identifies that a lack of affordable housing for workers closer to their workplace can impact on their quality of life, due to long commutes to work and higher transport costs.

Ensuring that everyone has access to affordable, safe and sustainable housing is a central aim of the *National Affordable Housing Agreement* (COAG, 2009) signed by the Australian and state and territory governments. This will require the full cooperation of all levels of government, the private sector and the not-for-profit sector to find positive, realistic and achievable solutions.

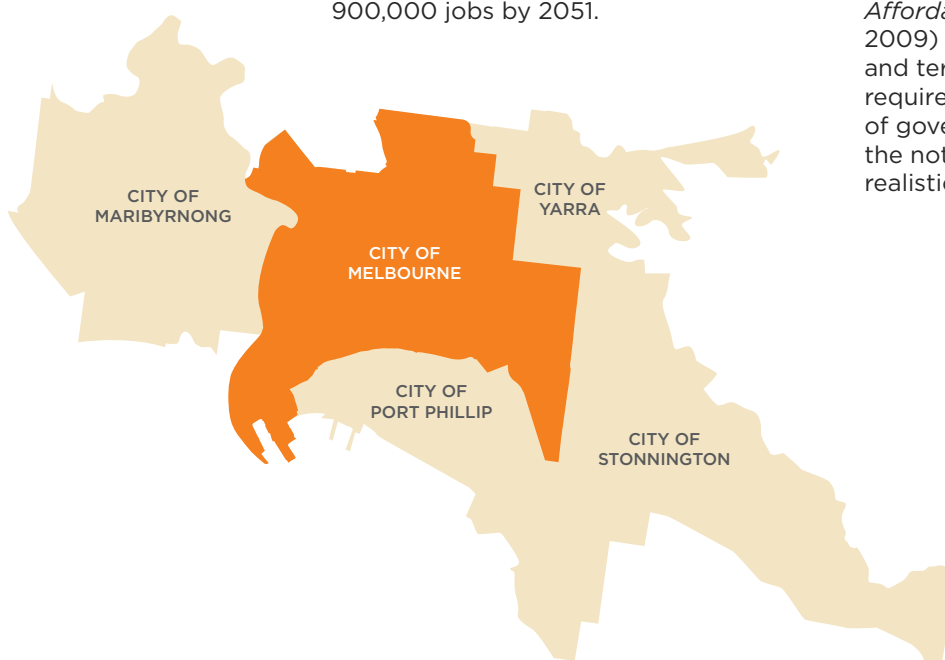


Figure 1.3: The Central Subregion area as proposed in *Plan Melbourne*

2. WHAT DOES THIS STRATEGY COVER?

Our role in housing

Homes for People provides a robust, short to medium term framework for the City of Melbourne to help us achieve our housing aspiration. It is based on a thorough evidence base to provide clear, achievable actions that we can do within our local government role and our sphere of influence.

A commitment to ensuring everyone can enjoy a good quality of life, now and into the future, underpins this strategy. This means ensuring that there are homes to meet the needs of those who want to live in the municipality at all stages of their lives and whatever their circumstances and designed so that they actively enhance the quality of the neighbourhoods in which they are located.

In effect, the strategy is attempting to answer the following over-arching question that balances community need and the financial viability of development:

How can we help deliver more affordable housing while improving the design quality and amenity of all new homes to help meet the diverse needs of our residents, while still ensuring enough new housing is built for our increasing population?

We can't do this alone. Building successful partnerships with a range of stakeholders is going to be key to help achieve our aspiration. This includes the Victorian Government, the not-for-profit sector including community housing providers and, crucially, the private sector who build the majority of new homes.

Plan Melbourne states that the Victorian Government should work with local governments on mechanisms to facilitate greater diversity of housing within new developments including family-friendly housing, affordable and social housing and housing for key workers.

Homes for People sets out the mechanisms (in the form of actions) which we can initiate to help achieve this. The actions will be realised primarily through the development process and planning system which the City of Melbourne has key responsibility for managing.

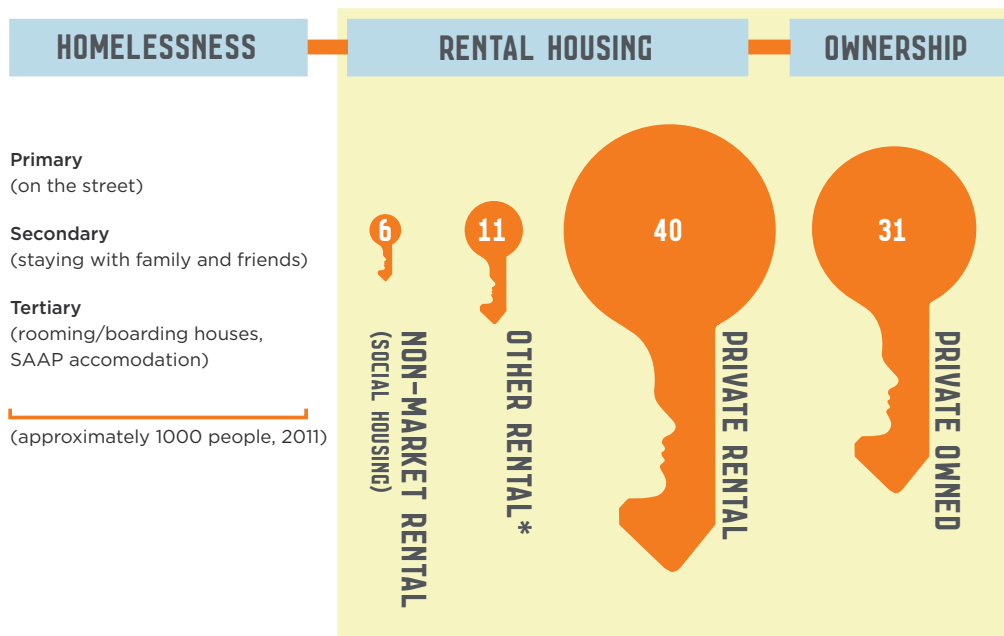
It is hoped that the goals and actions in this strategy will help play an important part in ensuring Melbourne remains one of the world's most liveable cities for everyone who chooses to live here.

Apartment living in our growth areas

The strategy focuses on apartments as they are, and will continue to be, the predominant housing choice in the municipality. Apartment designs can vary greatly within a range of different building scales and development forms.

The strategy addresses different housing tenures with a focus on non-market rental housing (a form of social housing), private market rental and ownership (see figure 2.1). Public housing (another form of social housing) is the responsibility of, and run by, the Victorian Government. Homelessness is explored and addressed in *Pathways: City of Melbourne Homelessness Strategy 2014-2017*.

Homes for People concentrates on new housing in our growth areas (our urban renewal areas and the Hoddle Grid) where the majority of new housing will occur, as identified in our *Municipal Strategic Statement* (see figures 2.2 and 2.3). These areas offer significant development opportunities for new high density housing. As such, this strategy does not cover the implementation of the new residential zones within the *Melbourne Planning Scheme*, most of which is designated as 'stable' residential areas with low housing growth.



*Other rental - person not in same household/housing co-operative, community or church group/other landlord type/landlord type not stated

Other - 12% - being occupied rent free/under a life tenure scheme/house-sitting/payment in kind

Figure 2.1: A housing continuum showing the different ranges of housing; homelessness is included when all other housing options are inaccessible. The yellow area highlights the area subject of *Homes for People*. The larger the key the more of that housing type in the City of Melbourne - the numbers refer to the percentage of City of Melbourne residents in that particular housing type.

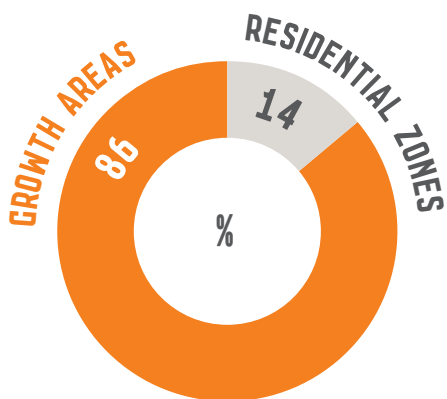
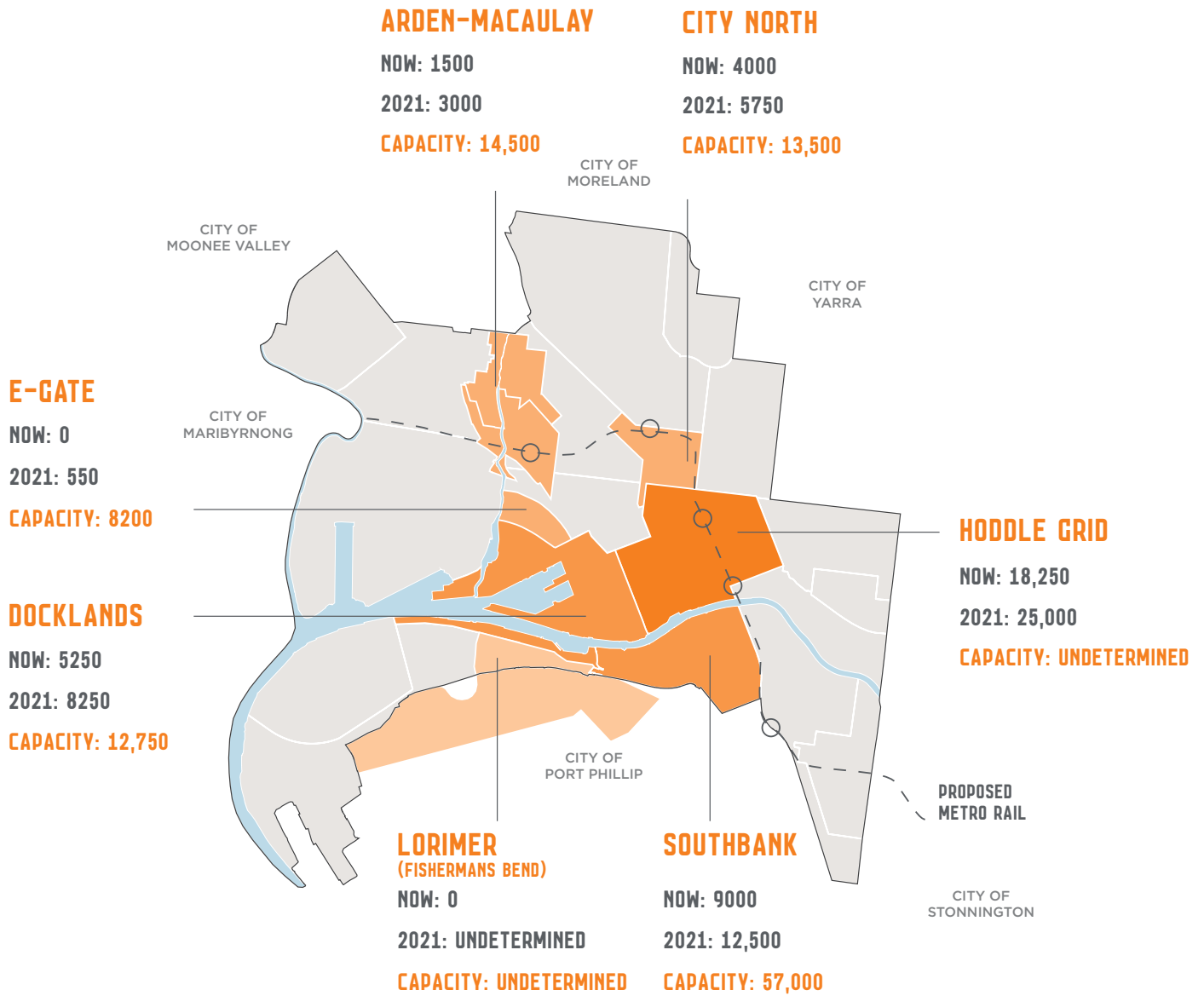


Figure 2.2 (top): Our growth areas including our urban renewal areas and the Hoddle Grid and the current number of dwellings now, the expected number of dwellings by 2021 and the total capacity of each area where known. (capacities derived from structure plans and the Victorian Government's discussion paper Melbourne, lets talk about the future)

Figure 2.3 (left): The percentage of new housing expected to be within our growth areas (urban renewal areas and the Hoddle Grid) compared to in the proposed residential zones.

3. WHAT IS HAPPENING NOW?

Housing is one of the most broad and complex issues faced by cities today and Melbourne is no exception. This chapter highlights some of the key pieces of knowledge around housing in the City of Melbourne that together help us understand and then directly address the specific challenges we face in achieving our aspiration.

Government has an important role in influencing housing outcomes

All three tiers of government directly influence housing outcomes (see figure 3.1). The Australian Government is responsible for running national housing programs and providing funding for housing services to state and territory governments.

The Victorian Government is responsible for funding, administering and delivering social housing and homelessness services and providing financial support to renters through private rental assistance. The Victorian Government also has an important role in statutory and strategic planning in Victoria through the Department of Transport, Planning and Local Infrastructure (DTPLI).

The City of Melbourne's influence is direct through planning policy, development assessment and financial investment in community housing and indirect through the provision of infrastructure like community centres and parks.

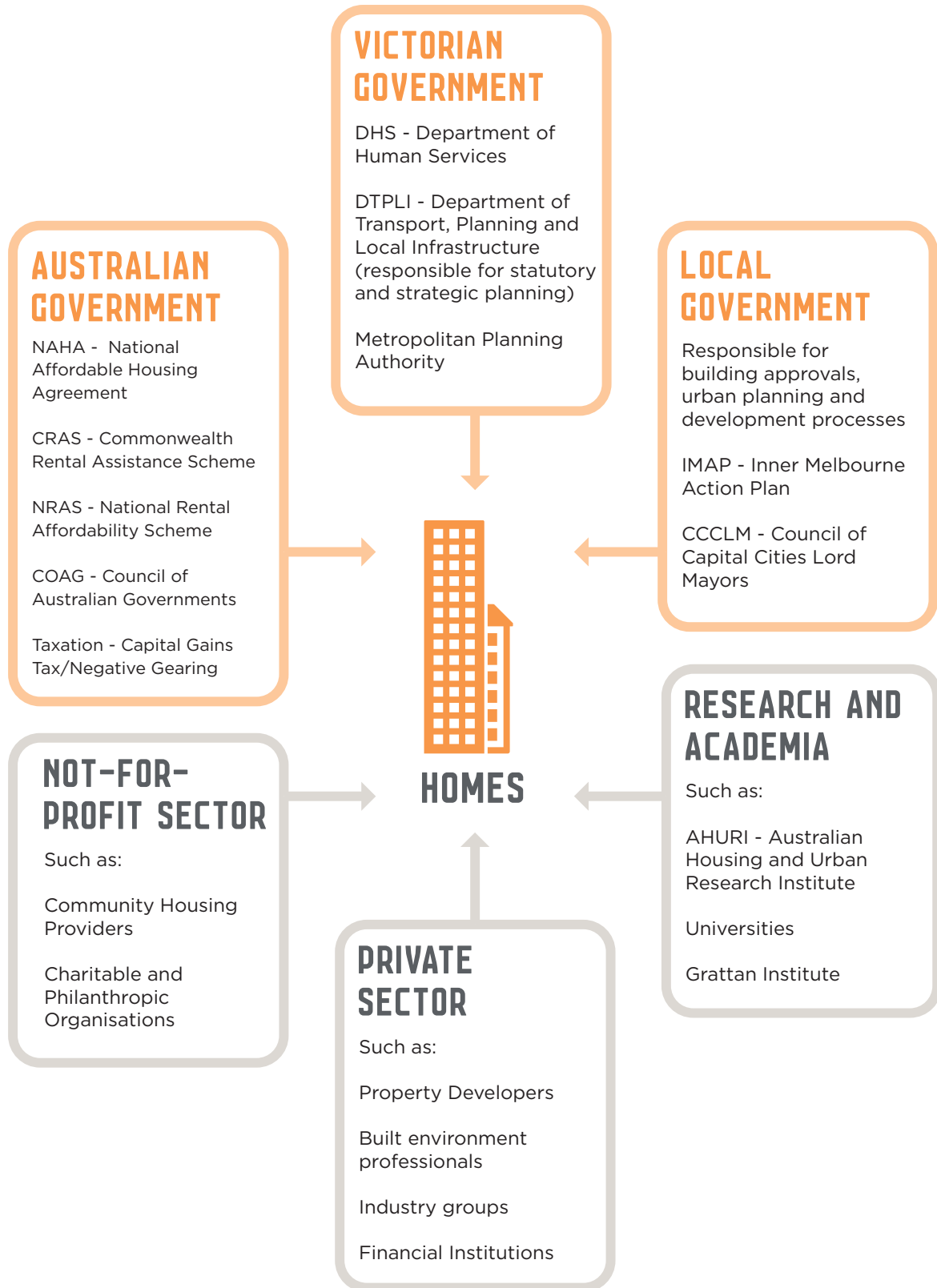


Figure 3.1: The role of different sectors in the delivery of new housing

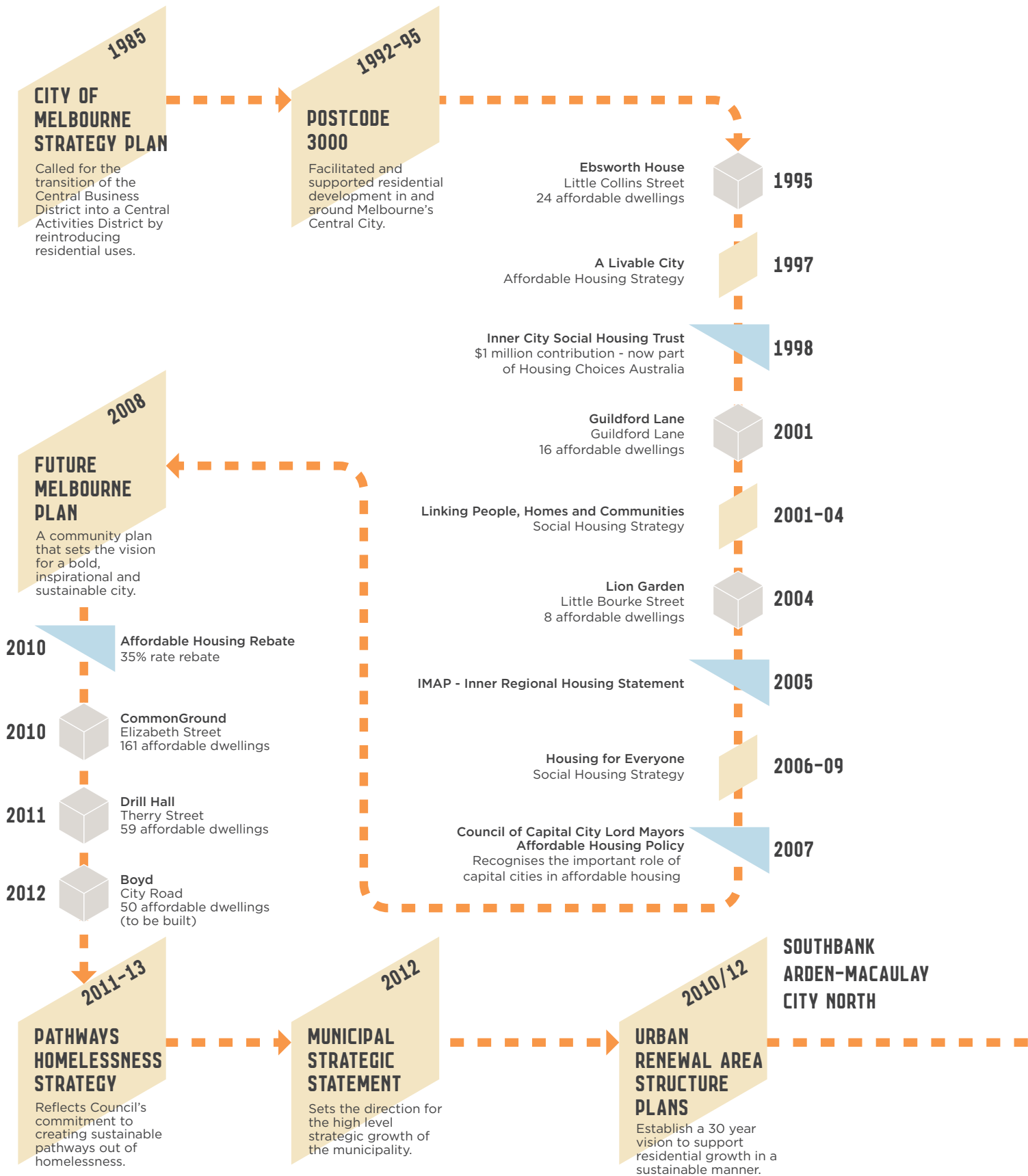


Figure 3.2: A summary of the City of Melbourne's role in housing since 1985

The City of Melbourne's long-term involvement in housing since 1985 is illustrated in figure 3.2. Recently in 2012 the City of Melbourne required 50 affordable homes as part of the redevelopment of the Boyd School site on a City of Melbourne owned site in Southbank. Currently, in addition to the goals and actions in this draft housing strategy, we offer a 35 per cent rate rebate to registered affordable housing providers.

We are also committed to reducing homelessness and our strategy *Pathways* reflects our commitment to creating sustainable pathways out of homelessness.

Research from the University of Melbourne's *Getting to Yes* project (Martel, A., Whitzman, C., Fincher, R., Lawther, P., Woodcock, I. and Tucker, D., 2014) found that all industry sectors believe that government-led solutions, including planning policy changes and infrastructure spending, are the most feasible enablers of more diverse and affordable housing.

This finding supports that by Rowley and Phibbs (2012) in Sydney and Perth about the conflicting desire of the development industry to have less government involvement in the development process, and at the same time, more involvement in the process, such as targeted planning policies and more infrastructure.



Affordability means different things to different people

The terms 'housing affordability' and 'affordable housing' are often used interchangeably and can sometimes have different meanings by different organisations. In the context of this strategy, the terms 'housing affordability' and 'affordable housing' have specific meanings as explained below.

Housing affordability

'Housing affordability' is a measure of whether market housing may be afforded by certain groups of households. According to the most commonly used benchmark, housing is considered unaffordable when rent or mortgage payments exceed 30 per cent of the gross household income for low and moderate income households. This is commonly termed 'housing stress'.

The reality is that the definition of housing affordability varies for every household and is dependent on particular life circumstances at a particular time which consider other costs, such as transport, childcare, healthcare or education. A total household's budget, therefore, provides a more complete and accurate framework of the full costs of living. This concept is often referred to as 'affordable living'. Importantly, affordable living accounts for the differing household costs that are determined by the location of the home. In the inner city, for example, transport costs could be significantly lower and, to some degree, compensate for higher rent or mortgage payments.

From a broad policy perspective it is not possible or practical to evaluate these different circumstances for every household within the municipality. The 30 per cent threshold of housing affordability, therefore, still provides the

most useful benchmark of the housing situation in the municipality. It is also consistent with the way affordability is measured in other states including New South Wales and by the Council of Australian Governments (COAG).

Affordable housing

'Affordable housing' refers to housing outside the main housing market which is subsidised below the market rate and provided to specified eligible low and moderate income households whose needs are not met by the market.

During the community engagement on *Future Living*, 85 per cent of all participants chose at least one issue relating to housing affordability as one of their top five housing issues (see figure 3.3). The issues of 'buying a home is unaffordable' and 'rent is too high' were the top housing issues for all participants, irrespective of whether they lived within or outside of the municipality. Students, emergency workers, hospitality workers, renters and those who lived in an apartment considered issues related to affordability to be more important compared to the average response.

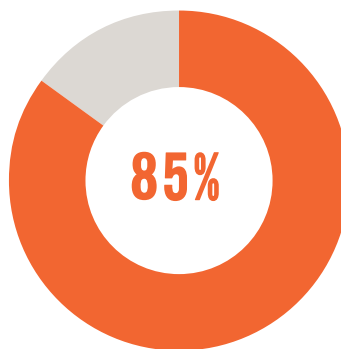
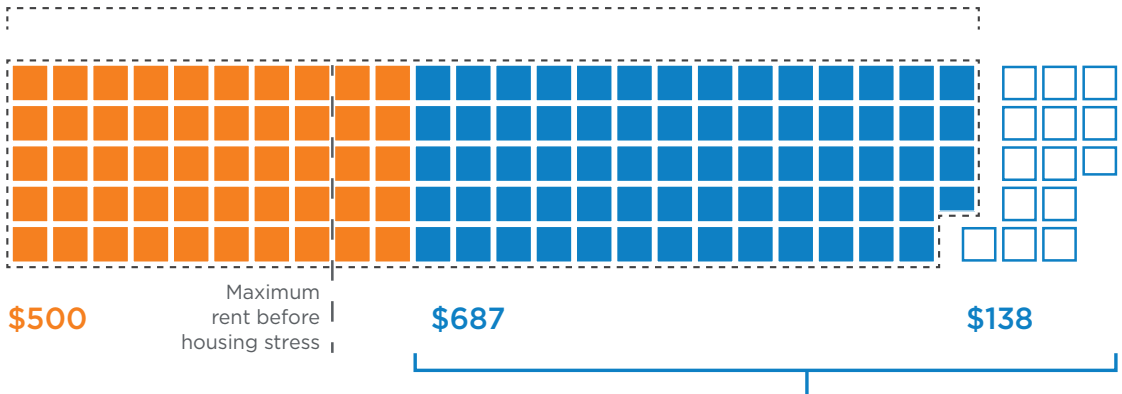


Figure 3.3: The percentage of all participants who chose at least one housing issue relating to affordability in the community engagement on *Future Living*

\$1187

Median City of Melbourne household income (dual income)



Median weekly rent (2 bedroom apartment)

Figure 3.4: Understanding weekly housing costs and expenses for a median household income in the City of Melbourne

This household earns the median gross weekly income in the City of Melbourne of \$1352. With two income earners, they have a net weekly disposable income of \$1187, after tax. They rent a two bedroom apartment at the average cost in the municipality which costs them \$500 per week (37 per cent of their gross income). This leaves them with \$687 for other household expenses. This is \$138 short of the Victorian median household weekly expenditure of \$825*.

This household is deemed to be in housing stress as they spend greater than 30 per cent of their gross income on housing costs. They are required to sacrifice on other expenses to meet their housing costs. They are also unable to save any money for additional costs or to save for a deposit to purchase a home.

Weekly household expenses of \$825 =

			Domestic fuel and power	\$40
			Food and non-alcoholic beverages	\$205
			Recreation	\$135
			Medical care and health expenses	\$55
			Clothing and footwear	\$45
			Personal care	\$20
			Household furnishings, equipment and operations	\$115
			Alcoholic beverages and tobacco products	\$40
			Miscellaneous	\$100
			Transport	\$70

*Average weekly expenditure calculated from ABS Equivalised Disposable Household Income, Victoria (third quintile). Transport expenditure adjusted from \$190 to \$70 per/week to account for central city transport/employment advantages.

- = Net weekly household income
- = Weekly rent (\$10)
- = Household expenses* (\$10)
- = Shortfall in meeting weekly expenses (\$10)

There is a need for more affordable housing (subsidised) in the municipality



The availability of housing options in the City of Melbourne is insufficient to meet the needs of low income earners. In 2012, only 6 per cent of available housing in the municipality was affordable to the lowest 25 per cent of earners; of this only 1 per cent was provided in the private open market (see figure 3.5).

Low income households are increasingly having to live in high rent dwellings creating greater housing stress. Over a ten year period from 2001 to 2011, the proportion of low income households in high rent dwellings increased from just 3 per cent to over 18 per cent (see figure 3.6).

Future Living identified that there is a housing affordability issue for key workers such as receptionists, cleaners and those working in the hospitality industry who have poor to limited access to all rental dwellings within a 56 minute commute of the central city - almost three times the travel time suggested as desirable within *Plan Melbourne's* '20 minute neighbourhood' concept.

Between 2001 and 2011, the increase in the median rental payment in the municipality exceeded income growth by 150 per cent and inflation growth by 213 per cent. The affordability of housing is now impacting households on incomes of up to \$100,000 per year. This includes higher paid key workers such as nurses, teachers and emergency workers as well as mid-career knowledge workers.

In 2011, approximately half of our renters (around 13,000 households) were paying greater than 30 per cent of their gross household income on housing costs and are considered to be in 'housing stress'.

Living in the outer suburbs, remote from jobs, dependent on public transport investment and vulnerable to petrol price increases should not be the only option for low income earners. The only way to guarantee sufficient, secure and affordable housing for low to middle income earners, therefore, is through the provision of subsidised housing.

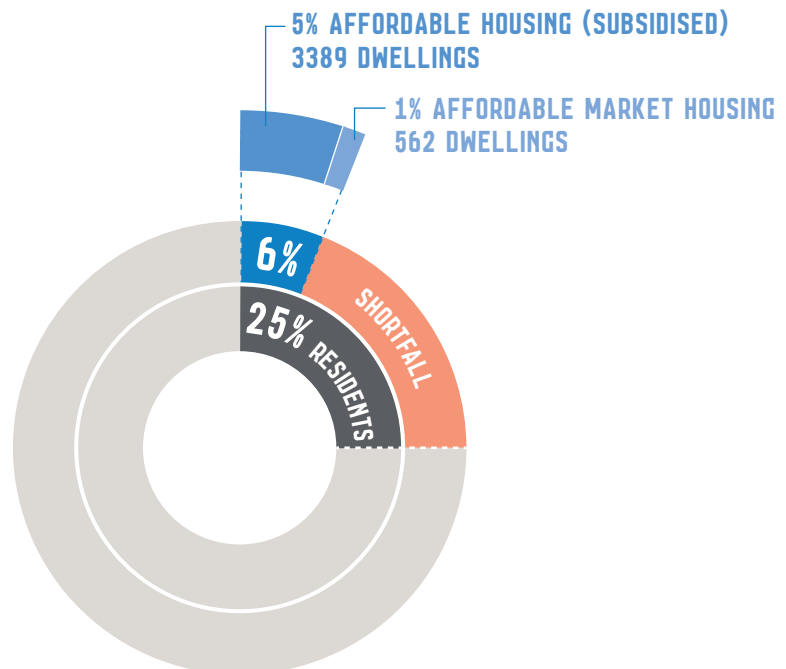


Figure 3.5: Housing affordability to those in the lowest income quartile. This implies that only 6 per cent of housing stock is affordable for 25 per cent of households. Of this, 5 per cent was subsidised affordable housing and only 1 per cent was provided by the private open market.

Between 2001 and 2011, the increase in the median rental payment in the municipality exceeded income growth by 150 per cent and inflation growth by 213 per cent.

Vacancy rates

Vacant stock plays an important part of a balanced housing market. There is a ‘natural’ rate of vacancy that is required to enable a healthy market to operate in equilibrium. Broadly, a rate of 3 per cent is considered to indicate equilibrium in the rental market, below which there are likely to be shortages and rent increases and above which is likely to be an oversupply and reduction in rental values. Apartments in central city areas, however, can be utilised for many purposes such as corporate housing, while there may be seasonality caused by our high student population.

Vacancy rates in the City of Melbourne have been very low over the last decade but have increased recently, from 2.5 per cent in 2012 to 5 per cent in 2013 (SQM). In some central city suburbs, such as in Docklands, rates increased higher, up to 9.7 per cent. However this has not had a significant impact in reducing rental prices. Rents for a one bedroom apartment in the municipality have stayed stable at between \$350-360 a week (DHS Rental Report and

REIV data, March 2014). Rents for a two bedroom apartment in the municipality have either stayed stable at \$500 a week (DHS Rental Report, March 2014) or reduced to \$440 a week (REIV data, March 2014), depending on the different data sets used. Considering this, along with the high cost of rental prices relative to income, housing is still unaffordable for many low and moderate income households as discussed above (see p25).

Furthermore, in 2014, while there has been a minor increase in the vacancy rate in Southbank, rates in the CBD and Docklands have decreased, as has the overall rate for the municipality to 4.1 per cent (SQM, June 2014). The vacancy rates for the inner 4km has also reduced, from 4 per cent in 2013 to 3.4 per cent in 2014 (REIV, May 2014). This decrease in vacancy rates, coupled with a growing population, would suggest that rents will remain unaffordable for many low and moderate income households for the foreseeable future and further supports the need for subsidised affordable housing.

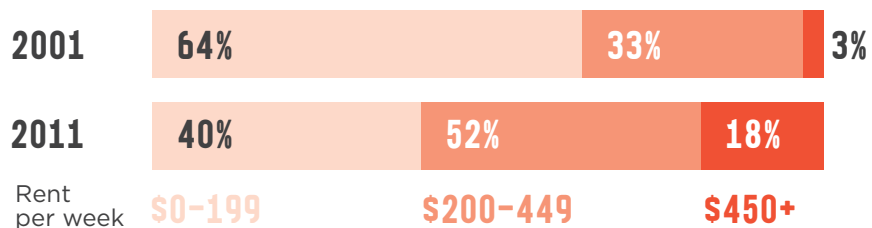


Figure 3.6: Percentage of low, medium and high cost rental dwellings occupied by low income earners (those earning less than \$600 per week) in the City of Melbourne

Tax structures favour homeowners and property investors

A recent report *Renovating Housing Policy* by the Grattan Institute (Kelly, J-F., Hunter, J., Harrison, C., Donegan, P., 2013) found that government tax and welfare policies are increasing the divide between those who own housing and those who do not by favouring homeowners and property investors over those who rent.

The report states that governments provide benefits worth \$6,100 on average for each homeowner household and \$4,500 on average for each property investor whereas renters receive very little support. The report calls for governments to reject policies that reward those who already own homes and make life harder for those who don't by increasing demand (through incentives such as negative gearing) which contributes to an uplift in property prices.

Our problem is not land supply

A lack of land supply for new housing is often cited as the major cause of housing becoming less affordable and increasing supply is often seen as the 'silver bullet' solution. While a lack of land supply is a significant issue in many other international cities such as Sydney and London, there is a sufficient supply of land for new housing in metropolitan Melbourne for the next 30 years according to the Victorian Government (Department of Transport, Planning and Local Infrastructure, 2013).

Certainly within the City of Melbourne, our urban renewal areas, identified within our *Municipal Strategic Statement* and supported in *Plan Melbourne*, have sufficient land for new housing to accommodate the projected population growth. These central city growth areas can accommodate over 80,000 new homes which will more than accommodate the projected housing growth in the future of over 45,000 new homes by 2031.

The increased supply, however, is not solving the affordability problems and there is little evidence that increasing supply leads to long term decreasing prices in high value areas in the central city. For example, the recent rezoning of the Fishermans Bend Urban Renewal Area doubled the supply of land in the capital city zone. This doubling of land supply has produced no perceptible reduction in the value of land or an increase in affordability of apartments in the City of Melbourne.

High land value and construction costs are impacting affordability, housing mix and design quality

A lack of available land for new housing, therefore, is not the primary driver of housing becoming less affordable. The Council of Australian Governments (COAG) highlighted that all things being equal, more efficient supply should put downward pressure on house prices. Addressing supply-side impediments, however, may not cause house prices to fall or rents to ease significantly. It is possible for high house prices to exist even in a relatively efficient market. This is because other structural and cyclical factors — such as population growth and unemployment rates — also play a major role in determining the level and growth of house prices and rents (COAG, 2012).

In high value markets such as the City of Melbourne, high land values and construction costs associated with infill urban renewal and building tall buildings increase development costs and add significantly to the challenge of housing affordability. Site assembly and remediation can also add additional costs.

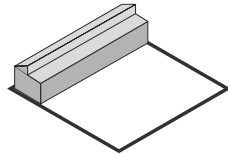
Moreover, many of the apartment developments include a significant amount of car parking and 'luxury' items such as second bathrooms, gyms and swimming pools. As well as adding to the development cost thereby ultimately to the cost by the end user, they also contribute to higher body corporate, on-going energy and maintenance costs. These costs can significantly reduce the ability of households to afford to rent or buy these new apartments.

Securing Victoria's Economy (Department of Premier and Cabinet, 2013) found that Melbourne is acutely affected by high construction costs, particularly when compared to similar eastern capital cities of Sydney and Brisbane. It identified that Melbourne is the most expensive city for construction for residential projects in Australia, which has a significant impact on the affordability of housing and the shape of our cities.

In 2010, a study for the National Housing Supply Council (NHSC) found that it was roughly three times more expensive to build infill housing than housing on greenfield sites. In 2011 the NHSC identified high construction costs for medium and high density dwellings as a barrier to infill development, alongside difficulties in preparing land for construction, delays in securing development finance, lengthy and sometimes uncertain planning and development assessment processes and community opposition to high density dwellings (NHSC 2010).



INDUSTRIAL ZONED SITE

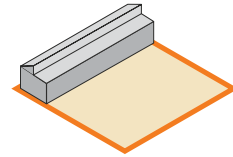


\$7M

Existing land value (ELV)



LAND REZONED



**REZONED
CAPITAL CITY ZONE**

*RLV - the sum a developer will pay a landowner to secure a site for development
(Total development value *minus* total construction costs *minus* developer profit *equals* RLV)

^ Planning policies likely to impact RLV rather than end product in conditions of good levels of supply, product substitutability, planning certainty and sufficient timing (AHURi, 2009; SGS, 2011).

The impact of planning and rezoning on land values and thus housing delivery is significant. Once land is zoned for high-density housing development, the land value uplift is significant due to the potential to deliver a large number of new homes. Recent research, however, identified that almost all landowners have unrealistic price expectations which is often based on a failure to understand the development process, the risks involved and a belief that land prices never fall (Rowley, S. and Phibbs, P., 2012).

More realistic expectations could address this and be provided through, for example, plot ratio controls (ratio of the gross floor area of a development to its site area), density policies or more mandatory height controls which could help create more realistic expectations for landowners. This could be further strengthened if developer contributions, affordable housing and design requirements were also clear at the outset.

Figure 3.7: An illustrative theoretical diagram showing the process of development and the possible value uplift which could occur from the rezoning of land, greater planning certainty, the granting of a planning permit and an increase in infrastructure provision.

Scenario 1 shows the current situation, when the residual land value is high due to no height/density controls and no requirement for affordable housing. This results in greater value uplift, the majority of which goes to the landowner.

Scenario 2 shows a situation with greater height or density controls, the application of apartment design standards and an affordable housing incentive using a density bonus. These requirements impact the residual land value but still ensure the development is profitable to the landowner and developer. More of the value uplift is reinvested back to the community.

Scenario 3 shows a situation with no height/density controls but with a 15 per cent requirement for affordable housing and the application of apartment design standards. These requirements impact the residual land value but still ensure the development is profitable to the landowner and developer. A larger proportion of the value uplift goes back to the community.

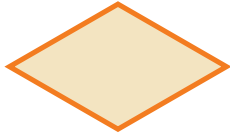
>  INCREASED INFRASTRUCTURE <- - - - - >

C DEVELOPER BUYS LAND

D PLANNING PERMIT ISSUED

E DEVELOPMENT COMPLETED

SCENARIO 1 - CURRENT SITUATION



\$25M

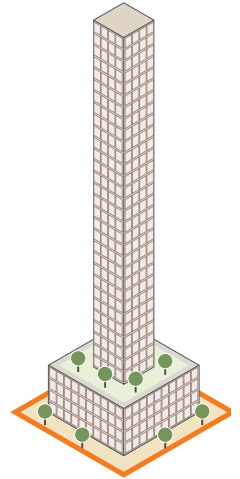
Residual land value* (RLV) impacted by planning policies^:

No height/density controls
Minimal DCP requirements and Open Space
No Affordable Housing

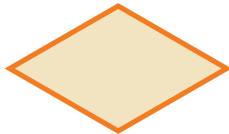
\$18M Value uplift



15-20%
Developer profit



SCENARIO 2 - INCENTIVISE AFFORDABLE HOUSING



\$17M

Residual land value* (RLV) impacted by planning policies^:

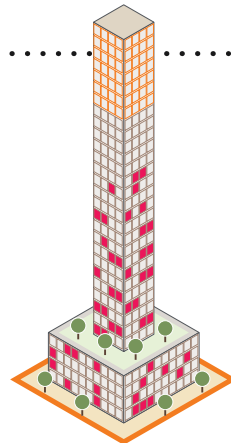
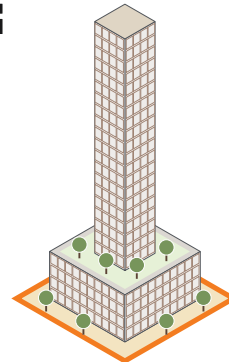
Height/density controls
DCP/Open Space requirements
Affordable Housing Incentive
Apartment design standards

\$10M Value uplift

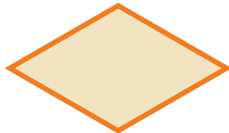


15-20%
Developer profit

+2-3%
Developer profit
Extra with Affordable Housing



SCENARIO 3 - AFFORDABLE HOUSING REQUIREMENT



\$17M

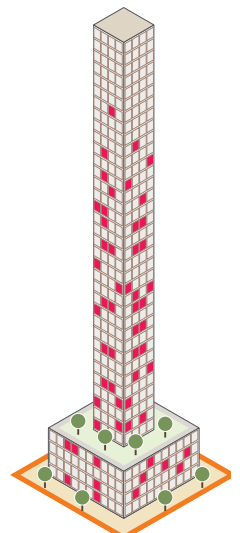
Residual land value* (RLV) impacted by planning policies^:

No height/density controls
DCP/Open Space requirements
15% Affordable Housing required
Apartment design standards

\$10M Value uplift



15-20%
Developer profit



Development finance and viability are crucial to deliver new housing

Profit

As important as land supply in the delivery of new housing is that development needs to be profitable. If a proposed development doesn't provide a developer with a level of return that adequately compensates for the risk involved, usually a profit of around 15 to 25 per cent of the total development costs, the development will not go ahead, restraining the supply of new homes. Higher density residential development, as is the primary form of housing in our municipality, is often considered to be a higher risk, high cost activity requiring a higher financial return.

The exact profit required will depend upon a number of risk factors such as the current economic conditions, the quality of the location and its ability to support the specific type of development (such as high-density apartments), the state of demand and the level of uncertainty surrounding the development approval (Rowley, S. and Phibbs, P., 2012).

Finance

Development also needs to be profitable for the lender (usually banks), without which a development will not have the finance to proceed. Due to the risk adverse nature of lenders in financing housing developments, what is built today is based more on proven sales records than on predictions of what will be required or desired in the future. This creates difficulties for developments to respond to current or projected needs, such as changes in the desirability of families wanting to live in the inner city.

Lenders also consider the equity of the developer, that the projected profit margin will cover unforeseen circumstances, and design issues, such as the size of apartment, to ensure that they are financing a proven product that will sell. Increasingly, a minimum number of pre-sales are required, off the plan, to reduce the bank's financial risk. Off the plan pre-sales can favour investors who often have different needs and requirements than owner occupiers and can accept greater levels of risk.

Recent research by the University of Melbourne (Martel, A., et al 2014) identified that industry professionals from across different sectors believe that development costs and financing for affordable housing are the major barriers to project success.

Developer contributions

The City of Melbourne is currently progressing two planning scheme amendments that require an increase in the provision of developer contributions (see figure 3.8). These amendments will require developers to contribute to the cost of providing new infrastructure, such as community facilities or public realm upgrades in Southbank and City North (Planning Scheme Amendment C208) and open space throughout the municipality (Planning Scheme Amendment C209).

The City of Melbourne has also formally written to the Minister for Planning requesting to introduce development contributions for residential apartment development in the Hoddle Grid of \$900 per apartment to contribute to future community infrastructure needs.

Some consider that as developer contributions add to the cost of housing development, they worsen housing affordability. However, research by the Productivity Commission concluded that the greater use of developer contributions is unlikely to have

any substantial effect on housing affordability (Productivity Commission 2004, p. 165). Research by AHURI also found that, while developers advised that they seek to pass new charges on through sales prices where possible, that these should ultimately be passed back to landowners over time (AHURI, 2009).

Recent research by Urbis (Urbis, 2014) found that taxes on development such as developer contributions account for only 6 per cent of total costs, whereas other costs such as stamp duty (24 per cent) and GST (35 per cent) are significantly higher. Even if these costs were reduced, there is no guarantee the savings would be passed on to the consumer if the market is willing to pay a higher price.

Furthermore, they are crucial to help retain the liveability of the city by being reinvested back to the community, contributing to successful and sustainable neighbourhoods. New housing development will also benefit from the uplift in value of a site if open space and community facilities are nearby.

Melbourne’s apartment market, particularly in the Central City Region, is no longer acting as a traditional housing sub-market to service the basic accommodation needs to the city’s growing population.

(Charter Keck Cramer, 2013)

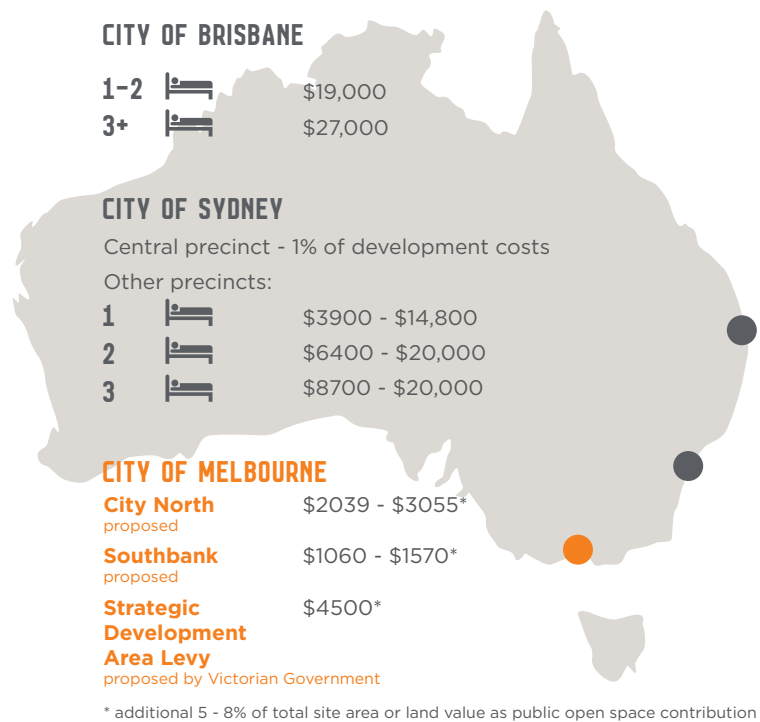


Figure 3.8: A comparison of developer contribution requirements in the City of Melbourne (proposed) compared to the cities of Sydney and Brisbane

Investors have a dominant influence on the (lack of) housing mix and quality

.....

Investment plays a vital role in Melbourne's economy, particularly to help finance high density housing. It also creates a number of complexities and challenges in achieving our aspiration with 85 per cent of apartments purchased in the municipality as a financial product, not as a home for the purchaser. Investors requirements for a financial return are driving the demand for smaller, one or two bedroom apartments of around \$450,000 or less. Larger apartments, can and will sell, but with longer lead times and marketing costs creating financial risk to developers and banks (City of Melbourne, 2013a).

New housing needs to be designed as a home for people rather than solely a product for investors. Research from the Property Council (Property Council, 2012) regarding the demand side drivers of apartments concluded that 'the needs of the ultimate occupiers (i.e. renters) are not the primary consideration for developers, purchasers or financiers'.

As well as having its own local housing need, Melbourne is part of a national and global housing market. New dwellings are being bought by overseas investors, due in part to its on-sale potential, tax incentives, the perception as a safe, low-risk investment due to our stable government and property ownership laws and Melbourne's status as one of the most liveable cities in the world.

Future housing conditions within the City of Melbourne, therefore, are likely to be increasingly distorted by non-local factors such as residency applications, currency fluctuations and changing property investment regulations. (Charter Keck Cramer, 2013).

Larger scale developers appear to be assuming ever growing prominence within the City of Melbourne. In 2012, developments of over 200 dwellings accounted for 85 per cent of new dwellings constructed. These projects are targeted to investors and are likely to require large budgets meaning smaller developers are forced elsewhere. Large developments tend to reduce the type and mix of new housing available, while developers will be unwilling and seen as too risky to put more than a given level of new homes onto the market in any period so as to avoid a reduction in the rate of sales.

Greater dispersion and competition for housing developments should increase the speed and choice at which homes are built, while offering a greater mix and type of new homes to help create a more distinct and different product.

Buying a home in the inner city is outside the reach of many households

Purchasing a home is becoming more expensive; between 2001 and 2011, the increase in median mortgage payments exceeded income growth by 176 per cent and outpaced inflation by 250 per cent (City of Melbourne, 2013d). Over the course of 2013, home values within Melbourne increased by 8.5 per cent and the median apartment price reached a record \$481,000 (RP Data-Rismark, 2014).

In January 2014 the *Demographia Housing Affordability Survey* (Cox, W., and Pavletich, H., 2014) identified Melbourne as the sixth least affordable city in the world in which to purchase housing and classified as 'severely unaffordable' (see figure 3.9).

There is now a distinct lack of affordable apartments for low to moderate income households to purchase with only 2 per cent of apartments within a 56 minute commute distance affordable to those on a wage similar to receptionists, cleaners and hospitality workers. This marginally improves to 24 per cent for tertiary educated key workers such as nurses and teachers.



Figure 3.9: The least affordable cities in the world according to the *Demographia Housing Affordability Survey 2014*

The analysis in *Future Living* emphasised the importance of a having two incomes in a household to enable a home purchase; this was true even for higher paid knowledge workers with a median income of \$95,000. The analysis did not address initial dwelling purchase costs such as the need for a deposit or stamp duty which is likely to worsen significantly the problems of housing affordability to purchase.

There is a strong correlation between net worth of individuals and home ownership (Australian Bureau of Statistics, 2014). For many households, their dwelling is their main asset and their long-term financial security, able to be passed on to their children, use as equity during financial difficulties and can avoid the state government needing to help meet housing costs after retirement. Home ownership also has wider benefits such as greater social cohesion which is improved through stable housing choices. Our analysis shows, however, that the opportunity to gain financial security and a sense of community belonging through home ownership is diminishing.

High levels of housing supply isn't delivering a good housing mix and social diversity in the community



Building successful homes and neighbourhoods is not just about a sufficient supply of land and housing; the type and form of what we build is just as important to ensure that the supply of new housing translates into homes where people want to live. The *National Housing Supply Council's* final report (National Housing Supply Council, 2013) stressed that tackling the housing shortage is not simply about increasing the number of homes being built; it is also important to build a diverse range of dwellings. Producing the right mix of homes contributes to developing sustainable communities that work for the population at large.

A diversity of housing choices can foster a community which is inclusive of different household needs and circumstances, including family size, household composition, income and health. It can help to address social exclusion and avoid issues with gentrification and social polarisation.

To stand the test of time and ensure a diversity of housing choices, new housing needs to be designed with a range of people of different ages and backgrounds in mind who may occupy the home over its lifetime.

New housing in the City of Melbourne increasingly consists of apartments with two or less bedrooms and of decreasing size. Half of all new apartments built from 2006-2012 were one bedroom apartments, a third had two bedrooms while only 9 per cent had three or more bedrooms, which tend to be expensive penthouses rather than family friendly homes (see figure 3.10).

Ninety six per cent of over 20,000 apartments in over 100 developments currently in the pipeline have just two or fewer bedrooms (figure 3.11). This is failing to meet the projected demand for family-friendly three bedroom apartments which is expected to make up at least 8000 households by 2031, equivalent to around 9 per cent of total households.

The proportion of one and two bedroom apartments is partly driven by the perceived demand that inner city living is still only for students, young professionals and retirees, thereby only needing very small homes with few bedrooms and minimal space to cook, eat, relax and move around. The demand is also largely driven by investors, who typically avoid the high sale price and low return rate of three bedroom apartments.

While projected growth of family households is relatively low, many of the inner city schools are at, or close to, capacity suggesting more families with children are moving into the central

city than market-led projections. More families with children live in Southbank and Docklands today than were predicted by the market-led projections. The provision of new infrastructure such as a school may increase the demand for family friendly dwellings.

Demographic forecasts are based on existing trends and market-driven patterns of growth. They cannot predict changes in demand driven by shifting household preferences towards inner city living or new infrastructure such as schools. The projected demand for friendly-family three bedroom apartments, therefore, is likely to be conservative.

Research into the impacts of high-density housing based around the need for families (Waltham Forest Council, London, 2009) identified the two key choice factors of sufficient internal space and the provision of private outdoor space if high density apartment living is to be adopted by families.

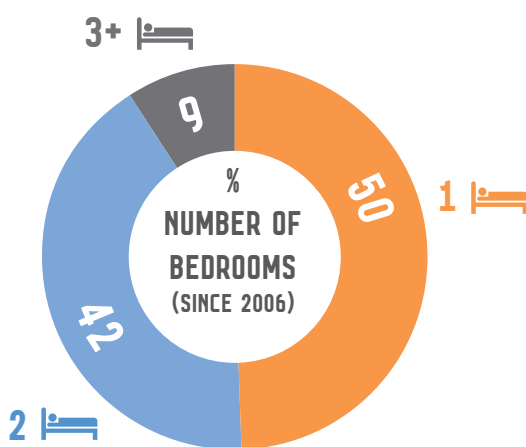


Figure 3.10: Dwelling types by number of bedrooms from 2006-2012 - only 9 per cent had three or more bedrooms.

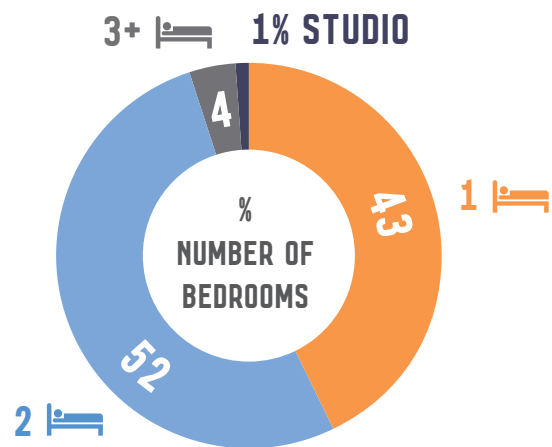


Figure 3.11: Ninety six per cent of over 20,000 apartments in over 100 developments currently in the pipeline have just two or fewer bedrooms (City of Melbourne (City Research) 2014).

Quality, amenity and performance are decreasing while density is increasing

A good standard of design and amenity goes well beyond what a building looks like and its particular architectural style. *Future Living* highlighted the poor quality outcomes that are being delivered in recent housing developments. Only 16 per cent of new developments were reviewed as 'good', with zero 'good' developments recorded in the high rise category (over 16 storeys). The research identified a number of common design issues, including very small apartment sizes, poor building and apartment layouts, limited flexibility, adaptability and accessibility and poor levels of internal amenity due to lack of light, ventilation and privacy.

Apartment size

The size of an apartment is often fundamental to achieving good levels of amenity. New homes must have enough space for basic daily activities, be able to accommodate standard sized furniture, have storage space for everyday items and be adaptable and flexible in their layout to allow for different lifestyles and users.

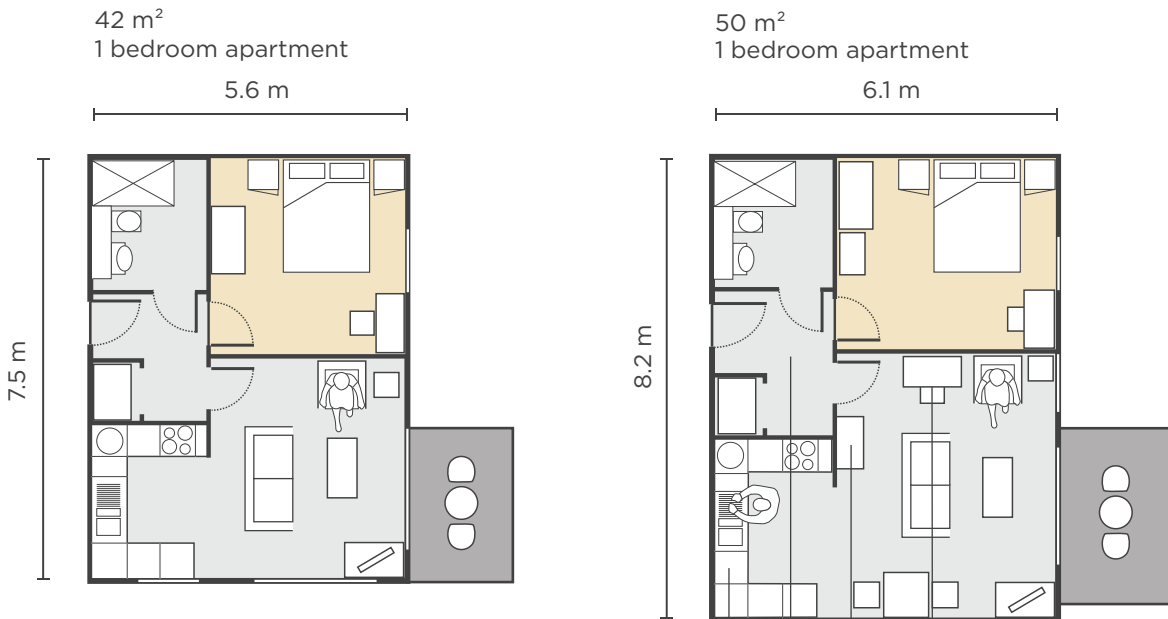
The trend in the City of Melbourne, however, is for increasingly small apartments with 40 per cent having less than 50 m² of floor space, the minimum size for one bedroom apartments in Sydney, Adelaide and London. Consumer research in London (Bartlett K et al, 2002) shows that space is high on the list of priorities of the increasing number of one-person households and that criticism about lack of space is expressed by all groups of home buyers with singles just as vociferous as families.

The expectation that a development can have more, smaller dwellings can increase land value which in turn promotes even smaller dwellings. Given the need to create balanced communities, however, this is not a formula for the long-term social sustainability of Melbourne.

Some two bedroom apartments currently being marketed or proposed in the municipality are of a similar size as that of a one bedroom apartment in other cities (see figure 3.12). This is of particular concern given the affordability and lack of three bedroom homes and the role, therefore, that well designed two bedroom apartments could play in being potentially occupied as family homes or as shared households.

Evidence on attracting and retaining families in inner urban, mixed income communities (Silverman E. et al, 2005) reviewed several London case studies and found that these communities work best when the homes are designed with families in mind, with adequate storage, ample kitchens, family bathrooms and access to outdoor space where possible.

Evidence from the Department of Health in the UK established 'Healthy Standards of Living for all' as one of six policy objectives that will help reduce health inequalities (Marmot, 2010). The quality of the home environment was identified as part of the equation of a healthy standard of living. Definable characteristics of the home that contribute to health include access to natural daylight and appropriate noise insulation and layouts which promote privacy in the home to avoid stress.



Extra cupboard in the kitchen

Space for an extra desk

Increased circulation space in hallway

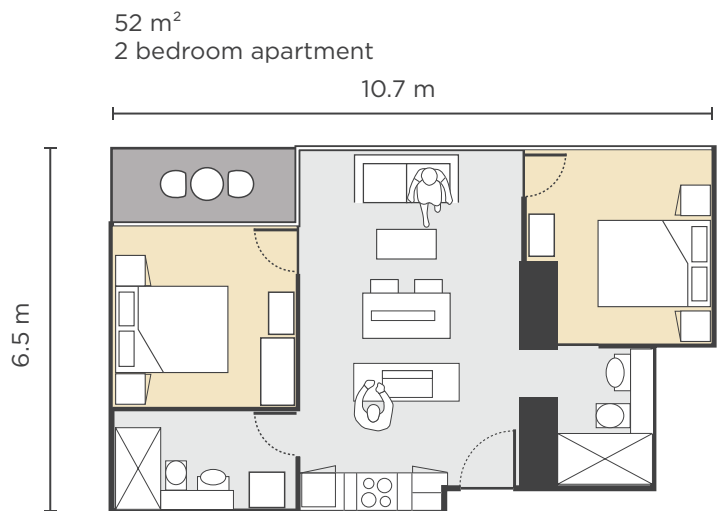
Storage cupboard in the living room

Figure 3.12: The differences between a small one bedroom 42 m² apartment and a standard one bedroom 50 m² apartment (above) and a recent two bedroom apartment development proposal for a 52 m² two bedroom apartment (right).

Space should be measured as gross internal area (GIA) and therefore not include walls or balconies.

Some two bedroom apartments currently being marketed or proposed in the municipality are of a similar size as that of a one bedroom apartment in other cities. Minimum sizes for two bedroom apartments in other cities are:

- Sydney 70 m²
- City of Adelaide 65 m²
- London 61-70 m² (depending if 3 or 4 occupants)
- Singapore 60-65 m²



Existing policy guidance

Future Living identified that Melbourne has the narrowest and least rigorous policy guidance on housing quality for medium and high density developments when compared to like cities. In Sydney, Adelaide and London, for example, specific and measurable outcomes include not only minimum apartment sizes, but also requirements for the orientation of apartments, minimum internal amenity standards relating to daylight, sunlight and privacy and levels of internal storage.

Very high density living

Many of the poor design qualities recorded in our municipality can be attributed to excessive densities. While high density development is needed to accommodate Melbourne's population growth in a sustainable way, it must be done well. It is important that new development optimises the use of land, but that doesn't equate to maximising the amount of development that can be placed on a site. A recent decision by the Victorian Civil and Administrative Tribunal (VCAT) for a 36 storey residential building at 58-66 La Trobe Street stated:

'Rather than attempting to maximise the intensification of the site, it may be that a more modest yield could produce dwellings with an acceptable level of amenity both for future residents and those in adjoining buildings'

Problems with noise, daylight, privacy and overlooking all become more acute as densities increase. Higher density development also creates increased pressure on space and leads to more intensive use of communal, shared areas such as entrances, corridors, and lifts with subsequent management and maintenance implications. For these reasons, higher density development requires strong guidance and more careful design.

The densities of some Melbourne developments are in excess of 5000 dwellings per hectare. They are up to four times the maximum densities allowed in planning policies in other very high density cities such as Hong Kong, New York and in Sydney and ten times the densities allowed in London (see figure 3.13). Densities between 150 and 500 dwellings per hectare have been referred to as 'superdensity' in London (Design for London, 2007) with the call for high quality design and management if they are to be successful.

Extreme site densities are not needed to accommodate the projected population growth of Melbourne. If such developments do go ahead, they should be high quality and offer residents a good quality of life, be highly environmentally friendly and designed with sufficient flexibility so as to have long-term appeal.

The demand from investors for smaller apartments, the lack of planning policy guiding internal amenity along with few enforceable density or height controls means that the apartment market in the municipality is in danger of leaving a lasting legacy of poor quality housing.

Figure 3.13 (below): The highest density policy controls for Melbourne and other global cities. In New York a greater density is offered if affordable housing is provided (as shown). In London, there is a requirement to provide affordable housing within this control.

The controls in other cities are for densities on individual sites. The only control in Melbourne in the Hoddle Grid is by block rather than by site and is therefore difficult to enforce. The result is often very high density development, sometimes of over 5000 dwellings per hectare.

While it is recognised that actual developments may be of a higher density than policy requirements, these controls at least offer a starting point for discussions and a shared understanding of the likely density for each site. If a control is exceeded, this often requires greater community benefit to be provided.

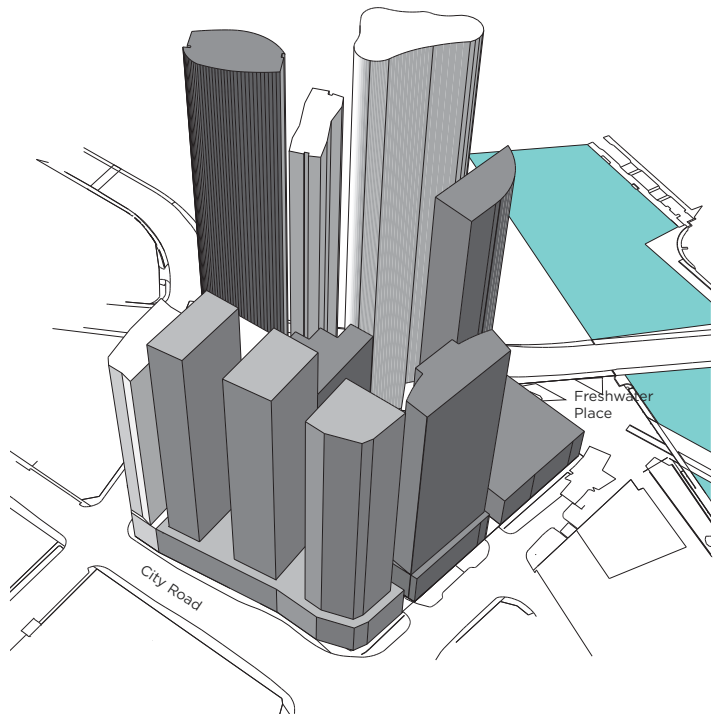


Figure 3.14 (above): Case study of a high density block in Southbank. This block will accommodate approximately 9000 residents at a density of 1300 dwellings per hectare. Eight of the eleven towers shown are constructed or have planning approval.

New York City
(Residential District R10/R10A)

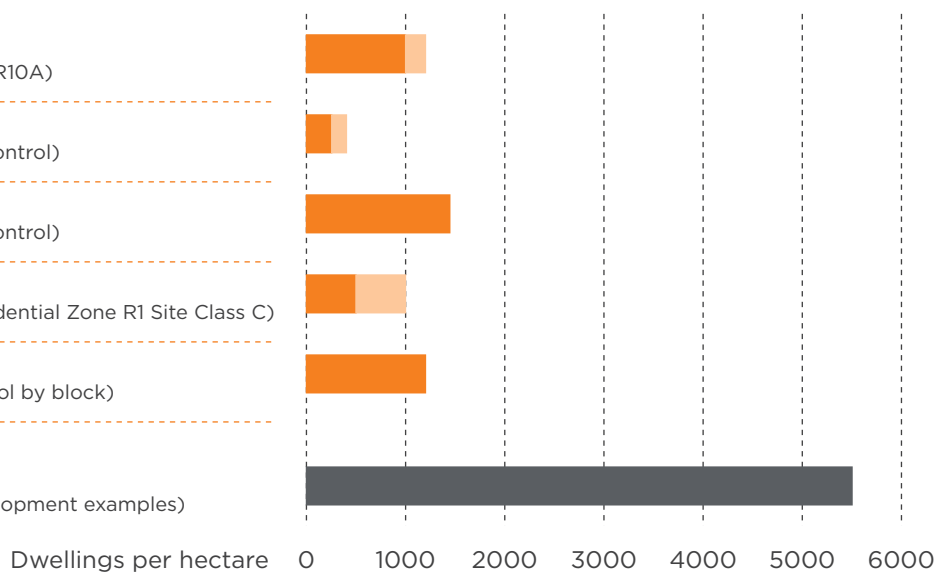
London
(Highest density policy control)

Sydney
(Highest density policy control)

Hong Kong
(Hong Kong Island - Residential Zone R1 Site Class C)

Melbourne
(Hoddle grid policy control by block)

Melbourne
(Hoddle grid recent development examples)



■ Market housing (policy control)
■ Affordable housing
■ Market housing (recent development)

The majority of high-rise housing in our municipality delivers poor environmental performance

Through good design, construction and operation, new buildings can have a significant impact in reducing greenhouse gas emissions, water use and waste production. The City of Melbourne has recently introduced an Energy, Water and Waste Efficiency local planning policy (Clause 22.19) into the *Melbourne Planning Scheme* that seeks to ensure that all new buildings, including residential developments, achieve high environmental standards.

The policy applies specific industry recognised standards for energy, water and waste efficiency with required performance levels depending on use and size of the proposed building.

Zero Net Emissions by 2020 (Update 2014) is our strategy to become a carbon neutral city and create a sustainable future for the municipality. The strategy recognises that the environmental performance of many new homes has significant room for improvement, most notably in high-rise apartment developments. It identifies the need to establish a baseline and develop a long-term target for energy performance of apartment buildings in the first year of the implementation plan.

A key challenge is to achieve the largest reduction in emissions for the least cost by encouraging energy efficient retrofits in apartment building common areas as well as within the apartments themselves. *Smart Blocks*, a national program developed in partnership between Strata Community Australia, City of Sydney, City of Melbourne, Owners Corporation Network of Australia and Green Strata will be key to helping respond to this challenge. It helps apartment owners and their managers to improve the energy efficiency of common property in apartment buildings.

Poor design quality combines to result in poor environmental performance as more energy is required to provide mechanical ventilation and artificial light. Common property, particularly long internalised corridors without access to natural light and ventilation, car parking and added 'luxuries' such as gyms and swimming pools can account for half the energy attributed to a high rise resident, who on average consume 25 per cent more energy than those in a detached dwelling (NSW Department of Infrastructure, Planning and Natural Resources, 2005).

This doesn't mean we should be building more low rise dwellings, rather we need to start building better quality more energy efficient apartments. This could also help improve the affordability of housing, as the management, maintenance and energy bills of poorly performing apartments and buildings can add significantly to the cost of living.

Our lack of housing mix and affordability is impacting on long-term community building and support for a vibrant cultural life

.....

The predominance of high-cost, one and two bedroom, small and inadaptable apartments is driving the establishment of a homogenous population in regards to household income, age and employment of our residents (City of Melbourne, 2013b).

The City of Melbourne already experiences a high population turnover, in the order of 70 per cent every five years, with residents choosing to live elsewhere. Research shows that community-forming is dependent on residents staying in place long enough to form connections with other locals and to have a sense of pride and an active involvement in their local neighbourhood.

Melbourne is well known as a vibrant city where education, cultural diversity and innovation are supported and celebrated. This requires housing that is affordable to students and those working in the creative arts and other similar fields.

If current market trends continue, virtually all low and many moderate income households will not be able to afford to live in our municipality. This could affect many people over the course of their life depending on changing circumstances such as people having families, changing careers or retiring. Whereas high-skilled, high-income people can afford higher housing costs associated with central locations in large cities, lower income people risk getting locked out of these locations and potentially out of the housing market altogether (Kelly, J-F., Mares, P., Harrison, C., O'Toole, M., Oberklaid, M., Hunter, J., 2012).

PART TWO

OUR GOALS AND ACTIONS

In this part you will find out:

- The three goals that will help us achieve our aspiration
- How the goals have been derived and are interdependent to each other
- Our proposed actions to help achieve our goals

4. WHAT ARE OUR GOALS?

Introduction

Homes for People has three primary goals that will help us achieve our aspiration to deliver an inner and central city where housing is affordable, well-designed and meets the diverse needs of our residents. They are:



GOAL 1

.....
HELP PROVIDE AT LEAST 1721 AFFORDABLE HOMES (SUBSIDISED) FOR LOW AND MODERATE INCOME EARNERS BY 2021
.....



GOAL 2

.....
IMPROVE THE DESIGN QUALITY AND ENVIRONMENTAL PERFORMANCE OF NEW APARTMENTS
.....



GOAL 3

.....
FOSTER A HIGH LEVEL OF AWARENESS AND KNOWLEDGE AROUND GOOD HOUSING OUTCOMES
.....

How have the goals been derived?

The goals are focused on achieving our aspiration. They address the current housing challenges facing our municipality highlighted in Part One and have been strongly informed by industry stakeholders and the wider community.

Importantly, the engagement identified that a key plank of our housing aspiration, housing diversity, is best achieved through the provision of more affordable and better quality homes, rather than a goal in itself, as it had originally been positioned in *Future Living*.

Requiring more three bedroom homes, for example, is unlikely to increase the diversity of housing available to families or shared households if they are unaffordable or poorly designed. Within each goal, therefore, lies a commitment to diversity.





GOAL 1

HELP PROVIDE AT LEAST 1721 AFFORDABLE HOMES (SUBSIDISED) FOR LOW AND MODERATE INCOME EARNERS BY 2021

This goal helps to provide more affordable housing for low to moderate income households in the City of Melbourne to help them live closer to work, improve their quality of life, create socially mixed neighbourhoods and support economic growth. It will help to close the gap between the number of households seeking affordable housing and the amount of affordable housing available to them. It will also reduce the 13,000 rental households in the municipality who are currently considered to be in 'housing stress'.

Affordable housing is subsidised below the market rate and provided to specified eligible low and moderate income households whose needs are not met by the market. This includes those who are not usually so poorly paid that they are entitled to low income housing assistance from the Victorian Government.

During the community engagement on *Future Living*, the options to address our housing challenges of 'Require a proportion of affordable rental housing in new developments', 'Support more social housing for vulnerable households' and 'Facilitate proven schemes that help people buy a home' were in the top seven housing options (out of 14) for both residents of the City of Melbourne and those living outside of the municipality.

In our submission to *Plan Melbourne* we called for the elevation of the priority of social and affordable housing targets, definitions and delivery, similar to that in South Australia and Western Australia.

The target in our goal is based on 15 per cent of new dwellings estimated to be built between 2016 and 2021 which do not currently have a planning permit or are at an advanced stage of the development process. A target of 15 per cent is comparable with other Australian state capitals. It is the same as that required by the City of Sydney in *Sustainable Sydney 2030*, by Economic Development Queensland on large residential redevelopment sites (enforced through mandatory planning provisions) and that of the South Australian Government on urban renewal sites in Adelaide.

The affordable housing should be managed by a registered housing association and preferably provided in mixed tenure developments of private market housing and affordable housing to help ensure socially mixed and diverse communities. The housing should be 'tenure blind' where affordable housing and private market housing are indistinguishable from one another in terms of design quality, appearance or location within a site. The housing should remain as affordable housing or the subsidy should be repeated for alternative affordable housing provision.

The goal helps respond to one of *Plan Melbourne's* aims to encourage greater levels of investment in affordable housing, including encouraging the integration of social and affordable housing options within major urban renewal and growth area housing developments (Victorian Government, 2014).

The affordable housing could include a mix of 'social rented', 'affordable rented' and 'intermediate' housing depending on the housing need at the time, economic viability and the ability of stakeholders to deliver and manage a particular type of housing. Preference should be given to those most in need in low income households.

'Social rented housing' is usually provided to low income households and is typically 'capped' rent based on income levels - this is considered to be 'public housing' if owned by the Victorian Government or 'community housing' if owned by a housing association.

'Affordable rented housing' is usually provided to low and moderate income households at discounted rents, commonly managed by a housing association. The Australian Government's *National Rental Affordability Scheme* (NRAS) was an example of this type of housing, which can help provide affordable housing to households while reducing the subsidy required when compared to that for social rented housing.

Intermediate housing is that which helps people into home ownership. This has many benefits for the owner and the wider community by helping people to accumulate a financial asset which can provide greater financial stability, can avoid the government needing to meet housing costs after retirement (which could be significant as more people live longer) and helps to provide more stable communities.

The *Affordable Homes* program in South Australia is an example of providing intermediate housing through a shared equity scheme. To ensure the subsidy can be reinvested to more affordable housing, the program requires households to repay *Housing South Australia* the original discounted amount of the new home plus a share in the increased value of the property.

The *Community Land Trust* model, where an organisation holds land in perpetuity for affordable housing, could also be a way of providing intermediate housing while ensuring the subsidies can be reinvested in more affordable housing.

The affordable homes delivered should be a mix of different types and sizes. This could be a set percentage of different apartment types by bedroom number based on future projection of household types or be of the same or similar mix to that of the market housing. This will be considered further as the actions to help deliver the affordable housing are progressed.

The goal helps set a realistic and informed target for the provision of affordable housing in the municipality, while providing a valuable measure against which we can track progress and evaluate the effectiveness of the strategy. Achieving our goal will depend to a significant extent on the support of a range of industry stakeholders. These include:

- The private sector, who will continue to provide the majority of new housing in the municipality;
- The skills and capacity of housing associations and other not-for-profit organisations to help deliver and manage the affordable housing;
- The Australian Government for continuing to invest in affordable housing; and
- The Victorian Government to support national schemes, ensuring a sufficient supply of social housing and enabling our actions through the Victorian planning system.



GOAL 2

IMPROVE THE DESIGN QUALITY AND ENVIRONMENTAL PERFORMANCE OF NEW APARTMENTS

This goal responds to the need to improve the design quality and amenity of new apartments in the municipality. It focuses on the particular need to improve the internal design and amenity of new homes as this was a significant issue identified in *Future Living*.

The quality of new homes is just as important as the quantity of homes available to ensure a positive lasting legacy for future generations. Good quality apartments can also help ensure the integrity and return on investment for investors, particularly considering the significant supply of new apartments proposed in the coming years. Ensuring homes retain their value is also important to help secure longer term financial independence and wellbeing.

Much of the new housing in the municipality will be in high density developments. Done well, high density housing can contribute to successful urban renewal by improving the vitality and viability of local communities and creating walkable neighbourhoods, where homes are close to shops, services and jobs. It is important, however, to design for both the opportunities and the risks posed by the shift towards much higher density housing.

Fundamental to a resident's quality of life is the size and layout of an apartment. No amount of sensitive or innovative design can compensate for apartments that are too small to meet the basic living requirements of the household.

It is widely acknowledged that the quality and amenity of apartments in NSW has noticeably improved since the introduction of *State Environmental Planning Policy No 65 - Design Quality of Residential Flat Development (SEPP 65)* and the *Residential Flat Design Code* in 2002. The Council of Australian Governments Reform Council recognised *SEPP 65* as a best practice approach to apartment design.

A recent review of the policy and the code found that they are achieving positive housing outcomes and are widely supported by the different stakeholder groups who use them for designing apartment buildings. Development feasibility and housing affordability were considered during the review.

Economic advice confirmed that the marginal cost impacts of the current *Residential Flat Design Code* vary significantly depending on a range of factors associated with an individual development including location, land cost, site constraints and design characteristics of the building. It was also found that the cost of providing car parking can have significant impacts on construction costs and feasibility.

‘Apartment living should not mean that quality is sacrificed - and that is what our changes ensure by setting minimum standards for communal open space, light, air and privacy.

**NSW Planning Minister
Pru Goward
(October 2014)**

The review has led to new planning guidelines for apartment design being released by the NSW Government. The proposed changes to *SEPP65* and the accompany *Residential Flat Design Code*, renamed to the *Apartment Design Guide*, aim to introduce a more consistent approach to design across the state and provide more certainty for councils, architects and applicants.

Updates to *SEPP65* and the *Apartment Design Guide* include:

- Three clear reasons why consent authorities cannot refuse a development application if it complies with the design guide for ceiling heights, apartment size (existing) and car parking (new)
- The Apartment Design Guide is outcome based and focuses on performance criteria
- Ensuring every new apartment has a balcony and access to well designed and functional open space.
- A minimum size of 35m² for studio apartments.
- Clearer design advice for natural ventilation and daylight
- More flexibility around design to suit particular sites.
- More flexibility around car parking.
- More certainty and consistency around the standards.

The Property Council of Australia is supportive of the new guidelines which they state could help support housing supply and affordability if they are used sensibly.

There is no evidence to suggest that similar policies and guidance for Melbourne will not result in similar outcomes. They can also provide greater certainty and consistency to the development industry, thereby making a more efficient development process, reducing development risk and improving affordability.



GOAL 3

FOSTER A HIGH LEVEL OF AWARENESS AND KNOWLEDGE AROUND GOOD HOUSING OUTCOMES

One of the clear findings from the community engagement on *Future Living* was that the City of Melbourne, as a well respected capital city authority, has an important role to play in leading awareness and knowledge around better housing outcomes. This was endorsed during the consultation on the draft Housing Strategy.

This view supports research from industry stakeholders in Sydney and Perth from both the private and public sectors that the issue of leadership is very important: leadership promoting the benefits of infill development, coordinating infrastructure provision and driving public acceptance of higher density development and affordable housing (Rowley, S. and Phibbs, P. 2012).

The City of Melbourne has been addressing the need for good housing outcomes through a range of policies, strategies and initiatives over the last thirty years (see figure 3.2). Our *1985 Strategy Plan* formed the foundation for the subsequent decades of the city's urban renewal, while the highly successful *Postcode 3000* helped facilitate and support residential development in and around the central city, including a range of affordable housing projects.

Future Melbourne, our *Municipal Strategic Statement* and the recently adopted structure plans for our urban renewal areas have all supported the supply of new housing in a sustainable manner with a desire for affordable housing.

We will continue to proactively engage with the community to help shape planning scheme amendments and structure plans and to help increase awareness and knowledge of the benefits of good quality urban renewal and the need for socially mixed, sustainable neighbourhoods. This helps provide our community with the knowledge to have an informed discussion around urban renewal and new housing in the City of Melbourne at a strategic level and help set expectations of the likely scale and type of future change.

The release of *Future Living* and its award-winning community engagement helped raise awareness and understanding of the current housing issues facing the city and possible ways of improving housing outcomes. It also directly influenced the Victorian Government through publications such as *Plan Melbourne*.

We are committed to continue to show leadership, provide direction and work collaboratively with all stakeholders and the broader community to help achieve better housing outcomes for the City of Melbourne.

The City of Melbourne's discussion paper Future Living provides a comprehensive assessment of many of the issues that need to be addressed in terms of the quality, design and layout of apartment developments.

Plan Melbourne, Victorian Government



How are the goals interdependent?

The need to improve the design quality of new homes while also improving housing affordability has sometimes been framed as a choice between the two. Housing affordability and design quality, however, are interdependent and are both required for the long term sustainability and liveability of Melbourne. Other global cities, such as Hong Kong, Singapore, London and Sydney, require developments to deliver both affordable and well-designed new housing.

Well-designed homes help ensure they are energy efficient and don't have high energy, management and maintenance costs for the occupant. Equally, good quality development designed for its context is crucial to it being accepted by the community which can help enable a quicker planning process and reduce risk and cost for the developer which is often passed on to the purchaser.

There is a perception that the easiest and most common way to respond to affordability issues in the City of Melbourne is to design and build smaller apartments. The combination of increasing affordability issues and increasingly smaller apartment sizes, however, refutes claims that affordability can be achieved by building smaller and smaller homes.

A recent decision by the Victorian Civil and Administrative Tribunal (VCAT) for a 36 storey housing development at 58-66 La Trobe Street supported the City of Melbourne's refusal of the scheme and found that the internal amenity of the proposed scheme was particularly poor (see figure 4.1).

The panel identified that the lack of storage for such small apartments

indicates that they have been designed as investment properties with scant consideration for the living conditions of future residents. It also stated that the fact that surrounding developments have poor regard to height and amenity is not a reason to approve yet another development with poor levels of amenity.

The panel did not accept the applicant's contention that a trade-off for the availability of the attributes of the cultural city is an apartment with a poor level of amenity and specifically stated 'using affordability as an argument does not justify reducing amenity to a bare minimum'.

The quality of new residential development, therefore, should not be reduced to the lowest common denominator in pursuit of affordability - a so-called "race to the bottom" - and any required design and amenity standards should be based on a reasonable quality level for the people that will live in each home.

The Australian Government's National Rental Affordability Scheme specifically required the affordable dwellings to be indistinguishable from other middle market dwellings. Rigorous selection criteria were applied relating to the location, design and amenity of NRAS dwellings.

The standard of new housing should not differ between affordable and private sector housing as the tenure could change over the lifetime of the home. A level playing field is important to ensure that every household would have a home that was adequate for their current needs and flexible for their future.

'using affordability as an argument does not justify reducing amenity to a bare minimum'

VCAT panel comment for housing development at 58-66 La Trobe Street

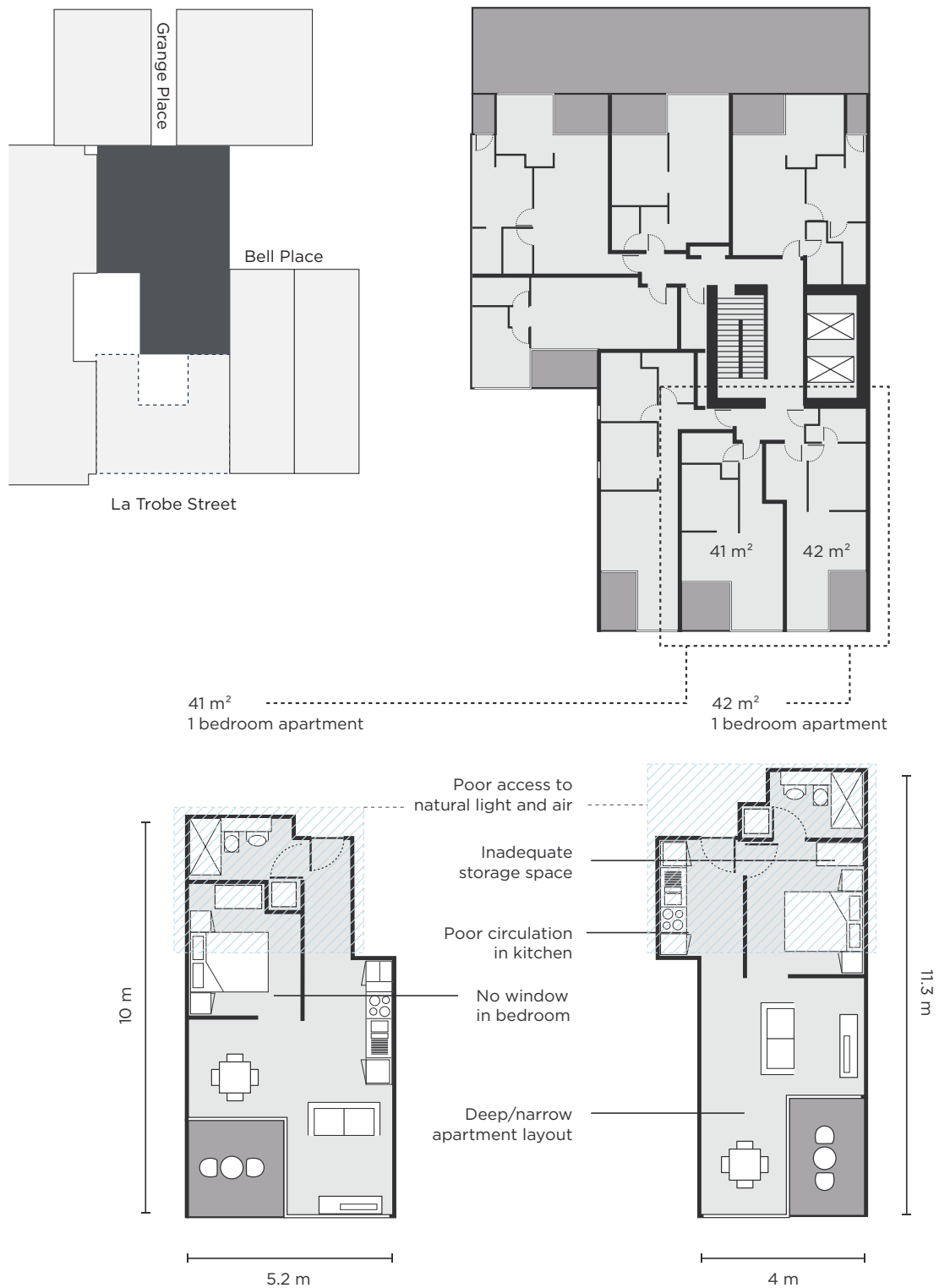


Figure 4.1: The proposed development at 58-66 La Trobe Street which was refused a planning permit by the Victorian Civil and Administrative Tribunal (VCAT)

Housing affordability could potentially be improved by reducing the amount of car parking and expensive communal facilities such as gyms and swimming pools within new housing developments. A car space can add up to \$50,000 to the cost of a new apartment according to the NSW Government's draft Apartment Design Guide (NSW Government, 2014)

Reduced provision of such items not only reduces both the short term costs of the initial construction and long term costs of maintenance, but can also result in significantly better design outcomes while successfully increasing the density of the development, thus improving a development's economic viability and possibly affordability if passed on to the end user.

The third goal helps raise awareness about both affordable living and apartment quality and will help people make more informed choices and decisions about where they live.

'A car space can add up to \$50,000 to the cost of a new apartment'

NSW Government, Planning & Environment, 2014

How will the goals and actions impact economic viability?

It is important to ensure that the goals and actions of the strategy do not add undue barriers to the delivery of new housing and render new housing development economically unviable, effectively worsening the situation by diminishing supply.

Avoiding further intervention into the housing market, however, will make it impossible to secure affordable housing as developers will maximise profits by avoiding the inclusion of affordable housing to market developments in the vast majority of infill locations (Rowley S. and Phibbs, P. 2012). It is clear, therefore, that greater intervention is required – doing nothing is not an option.

To achieve both outcomes - viable housing development with affordable housing - the goals and actions in the strategy focus on streamlining the planning process and informing land value by providing more certainty of what is required and possible to both landowners and developers.

Assessments of development feasibility take into account market demand and supply, what is permissible under planning policy, development costs, infrastructure contributions as well as finance charges, professional fees and land costs. Economic viability assessments are based on a snapshot in time and assumptions which are also often subject to debate and change depending on government policies, market and economic cycles. They also ignore significant differences from one development proposal to another, such as land purchase costs, contamination, site access and financing conditions.

In addition, the development of our growth areas will not all happen at once but over time based on the specific constraints or opportunities of each site, the market's ability to support new housing and the delivery of new supporting infrastructure, such as public transport, community facilities and schools. Any broad viability testing carried out is soon out of date and uses too many assumptions to be meaningful for a particular site or area.

There is little value, therefore, in assessing viability 'now' for developments which are unlikely to be built for another two, five, or even 20 years' time. If, after considering the current market conditions and a site's particular characteristics, concerns exist about the viability of a specific development, developers could consider a more rigorous 'open book' approach to demonstrate their concerns. This is standard practice in cities such as London, which use practical legal agreements to link affordable housing provision to final sales revenues. This ensures that viability is retained but affordable housing is provided as long as an agreed profit margin is reached.

There are currently over 17,000 apartments under construction or with a planning permit and likely to be constructed in the municipality by the end of 2016. It is considered, therefore, that there is sufficient supply to accommodate the growing population in the short term which offers time for the industry to adjust to the actions and potential changes to the planning scheme proposed in this strategy without damaging supply or reducing affordability further.

There are currently over 17,000 apartments under construction or with a planning permit and likely to be constructed in the municipality by the end of 2016

5. HOW WILL THE GOALS BE ACHIEVED?

This chapter describes what the City of Melbourne will do over the next three years through the following 12 specific actions to help achieve our goals. The actions work together as in some instances an action may help to deliver more than one goal:

1. **Affordable housing on City of Melbourne owned land**
2. **Development bonuses**
3. **Inclusionary zoning**
4. **Victorian Apartment Design Standards (underway)**
5. **Ratings tool**
6. **Higher density living paper**
7. **Good housing campaign**
8. **Resident surveys**
9. **Inner city coordination**
10. **Housing Advisory Committee**
11. **Annual reporting**
12. **City of Melbourne Apartment Design Standards (if required)**

In addition to the actions outlined in this chapter, the City of Melbourne will continue to advocate to the Australian and Victorian Governments and other key industry stakeholders as opportunities arise. Our submission to the Australian Government’s Senate Inquiry into Affordable Housing and appearance as a witness at the committee’s public hearing is an example of this advocacy (City of Melbourne, 2014).

We will also continue to work on related actions in our other strategies to improve housing outcomes, such as those in our *Zero Net Emissions by 2020 (Update 2014)* strategy, *A Great Place to Study - International Student Strategy* and our *Pathways: City of Melbourne Homelessness Strategy 2014-2017*.



Affordable housing on City of Melbourne owned land

.....
As part of the comprehensive redevelopment by the City of Melbourne of land it owns, we will consider including up to 20 per cent of dwellings constructed being made available as affordable housing to a registered Affordable Housing Provider.

The City of Melbourne demonstrates its commitment to affordable housing by including requirements on our own land as it is redeveloped for housing. As part of the current redevelopment of the Boyd school site in Southbank, commercial offers for the purchase and development of the site were required to address an urban design brief and comply with a number of requirements.

One requirement was that no less than 20 per cent of the number of dwellings constructed must be made available to a registered Affordable Housing Provider. An agreement pursuant to S.173 of the Planning and Environment Act 1987 was registered to ensure that the affordable housing is delivered.

If other City of Melbourne owned sites are redeveloped for housing in the future, a similar model to that used at the Boyd school site could be used to help secure 20 per cent affordable housing for low and moderate income earners.



Development bonuses

.....
Support development bonuses to incentivise the provision of affordable housing through the planning scheme in Arden-Macaulay and encourage in other new urban renewal areas

Development bonuses are a way of providing an incentive for a developer to deliver additional apartments in a proposed development in exchange for providing affordable housing. Incentivising works best when there are sufficient existing controls, such as those relating to height, density or floor space ratios (or a combination) that can be surpassed, when appropriate, to provide the developer with a bonus above the amount of a development allowed for a particular site.

It is important that development bonuses are targeted at the developer and not inadvertently passed to the landowner in the form of land value uplift, further worsening issues with land value and potentially housing affordability. As such, specific development bonuses should be negotiated with the developer on a site by site basis. Consideration also needs



Figure 5.1: An illustrative section showing the potential 30 per cent extra development in Arden Macaulay if affordable housing or other community benefit is provided.

to be given to ensure that this process doesn't add undue time and uncertainty to the process or result in a loss of amenity for existing or new residents.

We heard during the community engagement on *Future Living*, that developers preferred incentives for affordable housing over mandatory controls. This view was also expressed during the consultation by the Victorian Government on the *Draft Vision* for Fishermans Bend urban renewal area.

However, given the lack of strong height or density controls within the municipality, particularly within the Capital City Zone, there are currently only limited areas where development bonuses could work. Consideration could be given to strengthening discretionary height controls by using the discretionary height as the limit of development which can only be surpassed in exchange for affordable housing (or other community infrastructure).

One of these areas is the Arden-Macaulay urban renewal area. The Future Melbourne Committee, at its 4 June 2013 Committee meeting, resolved that community benefit, which could include affordable housing, should be required in order to increase the preferred maximum height by a maximum of 30 per cent (see Figure 5.1 below).

Other areas where development bonuses could potentially work are urban renewal areas where the planning of each area is still underway, such as Fishermans Bend and E-gate. Consideration could be given to providing sufficient development controls (such as height, density or plot ratio) in order to provide a threshold from which to establish a development bonus. See Figure 5.2 (p60) on how density bonuses could work, alongside Action 3 Inclusionary zoning.



Inclusionary zoning

.....
Require 15 per cent affordable housing (subsidised) through inclusionary zoning in the planning scheme in all growth areas (urban renewal areas and the Hoddle Grid).

Our growth areas provide the best opportunity to increase the supply of affordable housing. This action, to be delivered through a statutory planning scheme amendment, would require developers to provide 15 per cent of the residential development proposed on a site as subsidised affordable housing. The action operates on the knowledge that all the land in urban renewal areas will continue to increase in value as a result of its rezoning, greater planning certainty, profit from liberal height/density controls and/or public investment in infrastructure in the area.

The concept of inclusionary zoning, previously developed through the *Inner Melbourne Action Plan*, was endorsed in 2008 by a Senate Committee charged with finding ways to improve housing affordability. The committee called on states to pass laws requiring affordable housing to be included in 'all new developments'.

The Property Council, in their submission to *Plan Melbourne* (Property Council, 2013) highlighted that strategic redevelopment sites, such as Fishermans Bend, could have real potential for a large component of affordable housing. This won't happen, however, without government intervention as naturally developers want to receive the best value for each dwelling (Rowley, S. and Phibbs, P., 2012).

With sufficient notice of the introduction of inclusionary zoning, developers purchasing land can factor the affordable housing requirement into the land price, similar to the way this happens for other development costs.

Previous studies on the impact of developer charges have found that the charges could result in an increase in house prices, developers absorbing the charges or a decline in prices for land. However, for highly substitutable developments with few unique features (such as many of the apartments currently being built in the central city) the demand for the development would be highly elastic as a result of the high level of substitutability for other available housing. Consequently, prices rises will be capped by the prices of other comparable developments. In this instance, the developer charges will be mostly absorbed by the developer (SGS, 2011).

'Our plan is to encourage greater levels of investment in affordable housing, including encouraging the integration of social and affordable housing options within major urban-renewal and growth-area housing developments'

(Plan Melbourne, Victorian Government, 2014)

Responding to comments from the development industry that increases in developer contributions directly cause an increase in housing prices, the Select Senate Committee on Housing Affordability (the Committee) warned against the use of the causality assumption, noting that 'it may not be the case that developer charges are passed on to the home buyer. Instead, they may be partly incurred by the developer, or be passed back in the form of a lower price paid by the developer for the land'. The Committee recognised that the extent to which the charges are passed on to the home buyer may vary with the state of the housing market (Select Senate Committee on Housing Affordability in Australia 2008, p. 4).

Previous work by the Inner Melbourne Action Plan (IMAP) identified that, even if the requirement does increase the cost of market housing on a site, the likely increase in purchase cost would not be material in the market and would be swamped by other unrelated factors such as inflation and taxes (Biruu, 2008).

While 15 per cent of affordable housing is the target, the maximum reasonable amount of affordable housing should be sought towards this aim when negotiating on individual proposals having regard to the need to encourage rather than prevent residential development, the strong need for affordable housing in the municipality and the wider benefits this would bring, resources available to fund affordable housing, the implications of phased development (for larger sites) and the specific circumstances of individual sites.

Further information on how inclusionary zoning could work, how the affordable housing could be subsidised/funding, how the affordable housing could be managed and who the affordable housing could help is shown in Figure 5.2 (p60).

Care needs to be taken to ensure that the implementation of inclusionary zoning does not add unnecessary complexity or delays to the approvals process.



PROPOSAL DEVELOPED

SCENARIO 1

No height limits and/or density controls

Developer & Architect develop proposal of 500 apartments including:

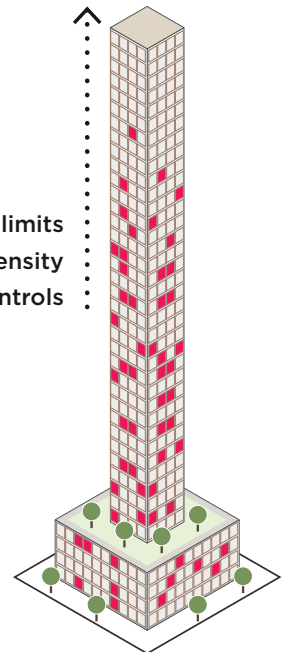
- ▮ 75 affordable housing apartments (15%)
- ▮ 425 market apartments

Housing sold at current market value with no height/density controls delivers developer profit of 15 - 20 per cent to ensure scheme viability.



With sufficient land supply, a substitutable product and planning certainty the affordable housing requirement should influence Residual Land Value rather than developer profits or an immaterial increase in the cost of market apartments (see figure 3.7).

No height limits
and/or density
controls



SCENARIO 2

Height limits and/or density controls
30% development bonus not taken

Developer & Architect develop proposal of 300 apartments including:

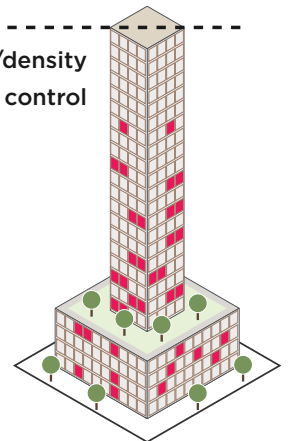
- ▮ 45 affordable housing apartments (15%)
- ▮ 255 market apartments

Housing sold at current market value with height/density controls delivers developer profit of 15 - 20 per cent to ensure scheme viability.



With sufficient land supply, a substitutable product and planning certainty the affordable housing requirement and height and density controls should influence Residual Land Value rather than developer profits or an immaterial increase in the cost of market apartments (see figure 3.7).

Height/density
control



SCENARIO 3

Height limits and/or density controls
+ up to 30% development bonus for
delivery of affordable housing on top of 15%

Developer & Architect develop proposal of 300 apartments including:

- ▮ 60 affordable housing apartments (20%)
- ▮ 240 market apartments
- + 90 bonus market apartments

Housing sold at current market value with height/density controls and development bonus delivers developer profit of 15 - 20 per cent to ensure scheme viability.



With sufficient land supply, a substitutable product and planning certainty the affordable housing requirement and height and density controls should influence Residual Land Value rather than developer profits or an immaterial increase in the cost of market apartments (see figure 3.7).

Up to 30%
development bonus

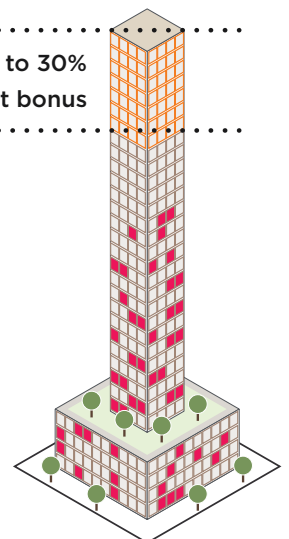


Figure 5.2: Illustrative ways of how inclusionary zoning (Action 3) and density bonuses (Action 2) could work theoretically. The diagram shows just some of many ways that they could work. How they are actually implemented and work in the City of Melbourne, however, will be considered and tested as the actions are progressed. Further consultation will take place on these actions before they are finalised and implemented.

B AFFORDABLE HOUSING ACQUIRED

Affordable Housing Provider acquires the **affordable housing**

▮ **Affordable housing** acquired by Housing Association at:

- Nil value
- Reduced value compared to market rate

or

Developer makes a **cash contribution** to:

- Fund Housing Associations
- Add to funding pool to assist viability of other developments

To be determined as actions are developed



Rate of sale negotiated could be dependent on available Government funding, cost of land to the developer and reserves and borrowing capacity of Housing Association.

C ONGOING MANAGEMENT

Affordable housing apartments are owned and managed by the Affordable Housing Provider (a registered Housing Association)

The affordable apartments could be a mix of:

more

▮ Social rented housing

- Housing outside the main housing market for eligible low income households
- Rent often capped at **25 - 30 per cent of occupant's income**



Workers including clerical, admin, sales or hospitality workers, machinery operators, drivers, cleaners, labourers

▮ Affordable rented housing

- Housing outside the main housing market for eligible low and moderate income households
- Rent subsidised at a **reduction of 20 - 40 per cent of current market rent**



Workers including technicians, trade, protective service, community service or emergency workers

▮ Intermediate housing

- Housing that helps people into home ownership through initiatives such as **shared equity schemes**, where the owner and government share the investment



less



Specific affordable housing mix determined by available Government subsidy/funding and value capture

COMMONWEALTH AND STATE GOVERNMENT FUNDING

eg. National Affordable Housing Agreement, Commonwealth Rental Assistance, National Rental Affordability Scheme (previous - discontinued but could be replaced)



Victorian Apartment Design Standards (underway)

.....
Work with the Victorian Government and other key stakeholders to deliver the Victorian Apartment Design Standards.

As Victoria’s population continues to grow and the need to deliver housing at higher densities becomes more pressing, the design and amenity of new apartments will only become more important. The intent of these standards is not to limit design possibilities and innovations but to uphold basic standards of amenity and ensure a legacy of quality housing equips Victoria for a sustainable future.

The Office of the Victorian Government Architect is leading the development of design standards for residential apartment buildings of five storeys or more. The City of Melbourne is directly informing the preparation of the standards.

The standards help to deliver Initiative 2.1.5 of *Plan Melbourne ‘Improve the quality and amenity of residential apartments’*. The New South Wales *Residential Flat Design Code* and its regulatory context (*SEPP65*) have been taken as a benchmark of national and international best practice. The *Victorian Planning Provisions* provide an ideal mechanism to consolidate standards for new apartments across Melbourne providing clarity at the outset of any development project of what is expected.

Following the concerns highlighted regarding the design and amenity of new residential developments in *Future Living*, the standards should deliver positive outcomes in regards to:

- Building orientation and separation, built form, open space and landscape.
- Daylight and sunlight access, natural ventilation, thermal comfort and resource efficiency.
- Acoustic performance.
- Accessibility, entry and circulation.
- Apartment size, layout, storage space and adaptability.
- Privacy and outlook.
- Private outdoor space and communal space and facilities.



Ratings tool

Work with the Victorian Government and other stakeholders to create a ratings tool for new housing development.

We will work with the Victorian Government and other key stakeholders to help develop a ratings tool for new residential development. The tool, similar to a ratings tool commonly seen on new appliances for example, could provide a rating for new residential development based on criteria established from the *Victorian Apartment Design Standards*.

The tool can help stimulate a conversation between local authorities, the development industry and the community and help raise awareness and knowledge of what constitutes good housing.

A similar tool, *Building for Life 12* (Design Council CABE, 2012) operates in the United Kingdom as the industry standard for well-designed homes and neighbourhoods and is endorsed by central government.



Higher density living paper

Work with the Victorian Government and other stakeholders on a good design and higher density living paper.

Through the production of the *Victorian Apartment Design Standards*, the need to consider the broader opportunities and challenges relating to higher density living was identified. This will link the housing conversation more broadly to central city planning issues.

A discussion paper could highlight examples of where this has been done well and discuss and debate if any additional policy controls are required to maintain liveability in higher density environments. For example, density controls may provide greater certainty to the amount of development a site could successfully achieve, while also being able to plan with more certainty for sufficient support infrastructure such as schools, open space and public transport.

The paper could also help assist in the review of urban design policies in the Melbourne Planning Scheme to ensure that high density residential development has a positive impact on the quality of the public realm.

We will partner with the Victorian Government and other stakeholders to develop a paper that considers key issues in regards to density.



Good housing campaign

Develop a campaign to raise awareness of good housing

Community and stakeholder feedback on *Future Living* highlighted the value that the City of Melbourne can add by informing the broader public about good housing outcomes. Possible ideas for the campaign include:

- A buyers/renters guide – this could help residents know what to look for when buying or renting an apartment, particularly off-plan.
- Help support and promote new innovative forms of residential development (such as Citiniche) to provide a greater housing mix and different types and quality of new homes. There is an embryonic movement in Melbourne for developments where the design is led by the purchasers before planning permission is sought. Examples of this in Berlin have improved housing affordability by enabling home buyers to remove components of the housing that they do not want to use and pay for, such as car parking or luxury features (Alves T and London G, 2012).
- Develop and progress the use of our 3D model to help further understand and highlight the quality and impacts of new residential developments.
- Running an ‘Open House’ or ‘Housing Exposition’ event which enables the community to view good examples of high density housing developments. This could be achieved in partnership with other stakeholders, including the University of Melbourne through the Transforming Housing project, in which the City of Melbourne is a partner. A Housing Expo could provide the opportunity to:
 - Develop considered propositions for the future built and urban form of Melbourne.
 - Allow the public to experience what is possible.
 - Inform the public and relevant industries about sustainable urban development and housing.
 - Stimulate participation in informed debate about the future of housing in the city.
- Publish annual housing development data for the municipality to help inform the market and the monitoring of the housing strategy.



Resident surveys

Undertake surveys of residents living in apartments in new high density developments to help inform future actions, policies and the market.

Resident surveys can better connect policy research and market expectations with the lived experience of our residents. They can help test assumptions about what it is like to live in the city. The surveys could be both quantitative and qualitative and help:

- Identify the factors behind residents' decisions to live in high density housing;
- Identify ingredients of a successful high density development as perceived by their occupants;
- Identify the negative and positive experiences and issues with living in high density housing; and
- Help understand if the negative experiences or features contribute to the relatively high turnover of residents in the municipality (70 per cent of the population in 2011 did not live in the municipality in 2006).

The surveys could be developed in partnership with RMIT University and the City of Melbourne's involvement with their HOME project which will analyse apartment developments from multiple perspectives.



Inner city coordination

Coordinate the successful delivery of local housing strategies with the Metropolitan Planning Authority, members of the Central Subregion and the Inner Melbourne Action Plan.

We understand that many of the housing challenges within our municipality are also evident in surrounding municipalities, many of whom have their own housing strategies. Our membership of the Inner Melbourne Action Plan (IMAP), together with the cities of Port Phillip, Yarra, Stonnington and Maribyrnong, enables us to all work together on inner city regional issues. Previous work has included prolonged advocacy for affordable housing.

The establishment of the Metropolitan Planning Authority and the requirement for this authority to prepare a *Central Subregion Strategic Growth Framework Plan*, as identified in *Plan Melbourne*, is a significant opportunity for housing issues to be fully addressed by the Victorian Government at an appropriate regional scale. *Homes for People*, alongside other local housing strategies, can help guide and inform the housing elements of this regional plan. The plan must also connect housing to infrastructure delivery, which can help support family living, critically including the provision of new schools in the inner city.



Housing Advisory Committee

.....
Set up a Housing Advisory Committee to help develop evidence, knowledge and partnerships with industry and community stakeholders and help implement the Housing Strategy.

As a capital city council, the City of Melbourne delivers a range of programs and initiatives which contribute to the cultural, social and economic vitality of Melbourne. To assist with this process, we have a number of key advisory bodies, chaired by Councillors, whose work facilitates development and implementation of such activities.

A Housing Advisory Committee would provide high level advice and further develop effective partnerships between the City of Melbourne, the residential development industry and the community. The Committee would help implement *Homes for People*, share new evidence and knowledge to inform future work and advise on the monitoring & evaluation of the strategy.



Annual reporting

.....
Report annually to the Future Melbourne Committee on the implementation of the Housing Strategy.

Homes for People will only make a difference if it is implemented. Monitoring the implementation and progress of the actions will ensure transparency in the delivery of the strategy. An annual report will be produced and presented to the Future Melbourne Committee each year which will report against the progress of the actions in the final strategy and potential key performance indicators (KPIs).

Each year within the annual report we will develop an implementation plan which will set out the key priorities for the next year of the strategy based on the current progress of the actions and current needs and priorities.



**City of Melbourne
Apartment Design
Standards
(if required)**
.....

**Develop a planning
scheme amendment for
improved apartment
design quality in
the municipality to
complement the
Victorian-wide standards.**

Depending on the final content of the *Victorian Apartment Design Standards* approved by the Victorian Government (see Action 4), there may be the need to complement and expand the standards so as to successfully respond to the specific challenges being faced in the City of Melbourne.

Such challenges include those relating to the particularly high densities currently being experiencing in the central city and the specific forms of development, such as the podium and tower, which are not often seen outside of the municipality.

This is a similar approach taken by the City of Sydney through their *Development Control Plan 2012* which complements and expands upon the state-wide *Residential Flat Design Code* given the specific context of central Sydney.

ACTIONS

2014 - 2015

2015 - 2016

2016 - 2017

2017 - 18

1 Affordable housing on City of Melbourne owned land



Action to be implemented as specific site plans are progressed

2 Development bonuses



Action to be considered during the planning of urban renewal areas

3 Inclusionary zoning



Action to commence at start of 2015-16 financial year (subject to Council funding). Statutory Planning Scheme Amendment process likely to take 12-18 months and will require approval by the Planning Minister

4 Victorian Apartment Design Standards (underway)



Victorian Government currently developing standards prior to formal consultation at start of 2015. Standards to be finalised and included in planning policy following formal consultation

5 Ratings tool



Action to be developed following release of final Victorian Apartment Design Standards

6 Higher density living paper



Action to commence at start of 2015-16 financial year (subject to Council funding and programme of Victorian Government)

REVIEW OF HOMES FOR PEOPLE




-  Delivery of action
-  Delivery of action (ongoing)
-  Development of action

Figure 5.3: A provisional programme for the development and delivery of the 12 actions. This will be subject to review each year within the annual report and is dependent on current priorities, funding and the progress of stakeholder partnerships.

ACTIONS

2014 - 2015

2015 - 2016

2016 - 2017

2017 - 18

7 Good housing campaign



Action on going throughout the implementation of the Strategy. To be produced in partnership with stakeholders, including the University Melbourne and their Transforming Housing research project

8 Resident surveys



Action to commence at start of 2015-16 financial year (subject to Council funding). Could be produced in partnership with RMIT University and HOME research project

9 Inner city coordination



Action ongoing through the development of the Inner Melbourne Action Plan, Central Subregion Strategic Growth Framework Plan and planning of our urban renewal areas

10 Housing Advisory Committee



Terms of reference and committee representatives to be finalised by mid-2015 and first meeting

11 Annual reporting



Report on implementation and progress of 12 actions and the priorities for next financial year to be presented annually to the Future Melbourne Committee

12 City of Melbourne Apartment Design Standards (if required)



Requirement of Action to be determined following the release of the Victorian Apartment Design Standards (Action 4)

REVIEW OF HOMES FOR PEOPLE

EXPLANATION OF TERMS USED IN THIS STRATEGY

Affordable housing is housing outside the main housing market which is subsidised below the market rate and provided to specified eligible low and moderate income households whose needs are not met by the market.

Affordable living addresses the full costs of living in a certain location, including additional transport costs and impacts on a household's day-to-day schedule due to lack of access to services and facilities.

Affordable rented housing is usually provided to low and moderate income households at discounted rents, commonly managed by a housing association.

The **Building Code of Australia (BCA)** is a uniform set of technical provisions for the design and construction of buildings and other structures throughout Australia.

The **central city** area currently encompasses the central city grid, the area between Victoria Street, La Trobe Street and Docklands. Through current planning scheme amendments, it is proposed to also include Southbank and areas of City North.

The **Commonwealth Rental Assistance Scheme (CRAS)** is an Australian Government initiative to provide funding for low income households in private rental accommodation.

The **Council of Australian Governments (COAG)** is the peak intergovernmental forum in Australia. The members of COAG are the Prime Minister, State and Territory Premiers and Chief Ministers and the President of the Australian Local Government Association.

Community Housing is owned and/or managed by not-for-profit or community groups.

A **Development Control Plan (DCP)** is a planning policy document for the City of Sydney.

The **Department of Human Services (DHS)** is a Victorian Government department providing public and social housing and support for low income Victorians.

The **Department of Transport, Planning and Local Infrastructure (DTPLI)** is a Victorian Government department responsible for managing the state's planning system and building stronger communities. (Previously known as the Department of Planning and Community Development).

Double-loaded corridors occur where apartments are located on both sides of an internal corridor.

Dual aspect dwellings are dwellings with two external facades.

High income earners are those who earn \$1500 or more per week (gross).

High rent dwellings rent for \$450 or more per week.

Homelessness - there are three categories of homelessness which were developed to understand and assess the number of people experiencing homelessness in Australia in the Australian Bureau of Statistics (ABS) Census. These are:

- **Primary homelessness** includes those without conventional accommodation such as people living on the streets, sleeping in derelict buildings, or using cars for temporary shelter.
- **Secondary homelessness** includes those who move frequently from one form of temporary shelter to another. This category covers people accommodated in homeless services, people residing temporarily with family and friends and those using rooming or boarding houses on an occasional basis.

- **Tertiary homelessness** includes those who live in boarding houses on a medium to long term basis. This type of accommodation typically does not have self-contained rooms and residents share bathroom and kitchen facilities. Rooming house residents do not have the security of tenure provided by a lease.

Housing affordability is a measure of whether housing available on the main housing market may be afforded by certain groups of households.

Housing associations expand new housing through construction, purchase or acquisition, using a mix of government funds and private sector investment. They also manage housing portfolios - properties owned by themselves or leased from other parties, such as the Director of Housing (DHS). There are currently eight registered housing associations in Victoria.

Housing size refers to the amount of internal and external floor space available for residents to live in and the number of people who are able to live comfortably in a dwelling with enough space for a range of activities to take place at the same time.

Housing stress when housing is considered unaffordable as rent or mortgage payments exceed 30 per cent of the gross household income for low and moderate income households.

Housing tenure refers to whether the housing is privately owned (or mortgaged), part-owned or part-rented through shared equity, privately rented, socially rented (for example, public housing, transitional housing or community housing), a rooming/board house or serviced apartments.

Housing type can refer to the form of the house - if it is a townhouse, house or an apartment in a high or low-rise development, the number of bedrooms and whether it is usable and accessible for all people.

Inclusionary zoning is a planning provision requiring incorporation of a certain use or facility in approved developments in the interests of maintaining environmentally responsible or sustainable outcomes.

The **Inner city** is the area within the City of Melbourne municipality surrounding the central city, including Carlton, Kensington, Parkville, North Melbourne, West Melbourne, South Yarra West and East Melbourne.

Key workers is a term that broadly implies occupations necessary to the efficient functioning of a city and communities, particularly service industry workers. Such occupations could include, for example, emergency workers, nurses, teachers, police, hospitality workers and cleaners.

Knowledge workers are those whose main capital is knowledge. Such occupations could include financiers, lawyers, engineers, scientists or researchers.

A **Local Environment Plan (LEP)** is a policy document for the City of Sydney.

Low income earners are those who earn between \$1 - \$599 per week (gross).

Low rent dwellings rent for \$0 - \$199 per week.

Middle income earners are those who earn between \$600 - \$1499 per week (gross).

Medium rent dwellings rent for \$200 - \$449 per week.

The **Municipal Strategic Statement (MSS)** is a high level land use and development strategy which forms part of a Planning Scheme.

The **National Affordable Housing Agreement (NAHA)** is an agreement by the Council of Australian Governments (COAG) that commenced on 1 January 2009 initiating a whole-of-government approach in tackling the problem of housing affordability.

The **National Rental Affordability Scheme (NRAS)** was an Australian Government initiative to stimulate the supply of affordable rental dwellings.

The **Office of the Victorian Government Architect (OVGA)** provides leadership and strategic advice to government about architecture and urban design and promotes an awareness about how good design can make great living places and urban environments.

Owner occupiers are those who own their home outright or have a mortgage.

The **Planning Scheme** sets out policies and provisions for use, development and protection of land. Each local government area in Victoria is covered by a planning scheme. The City of Melbourne is covered by the *Melbourne Planning Scheme*.

Public Housing is owned and managed by the Victorian government.

Registered Housing Associations develop, own and manage rental housing properties.

A **single aspect** dwelling is a dwelling with only one external façade.

Social Housing is a term used to describe public, community and transitional housing.

Transitional Housing is owned by the Victoria Government but managed by the community housing sector.

State Environmental Planning Policy 65 is the Design Quality of Residential Flat Development (SEPP 65) Planning policy and guidance aimed at improving the design quality of residential flat buildings in New South Wales. It contains principles for good design and provides guidance for evaluating the merit of design solutions.

Structure Plans are planning documents that guide the land use and built form of future development in the City of Melbourne's urban renewal areas.

Urban Renewal Areas are areas identified by the City of Melbourne in the Municipal Strategic Statement for future growth.

VCAT is the Victorian Civil and Administrative Tribunal.

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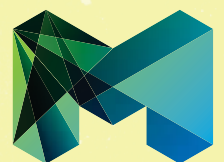
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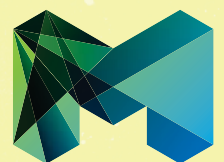
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CONSULTATION SUMMARY

HOMES FOR PEOPLE DRAFT HOUSING STRATEGY

OCTOBER 2014



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Issue 3

21 October 2014

Disclaimer

This report is provided for information and it does not purport to be complete. While care has been taken to ensure the content in the report is accurate, we cannot guarantee it without flaw of any kind. There may be errors and omissions or it may not be wholly appropriate for your particular purposes. In addition, the publication is a snapshot in time based on historic information which is liable to change. The City of Melbourne accepts no responsibility and disclaims all liability for any error, loss or other consequence which may arise from you relying on any information contained in this report.

PART ONE

CONSULTATION SUMMARY

1.1 INTRODUCTION

Our aspiration

The City of Melbourne is committed to ensuring that all our residents can enjoy a good quality of life. Housing is fundamental to this and plays an important role in people's health and wellbeing, in people's ability to access jobs, in bringing communities together and in shaping our city. Our aspiration is for an inner and central city where housing is affordable, well-designed and meets the diverse needs of our residents.

Housing conversation

We began a housing conversation in 2013 with the release of our discussion paper *Future Living*, which identified issues and options for housing our community. We engaged extensively with the community and industry stakeholders on how we could help overcome the challenges and achieve better housing outcomes. Results of this consultation process were published in November 2013 in *Future Living Community Engagement Findings*.

We heard that the City of Melbourne has a good understanding of housing issues and is well placed to act, working in partnership with key stakeholders to help achieve our aspiration.

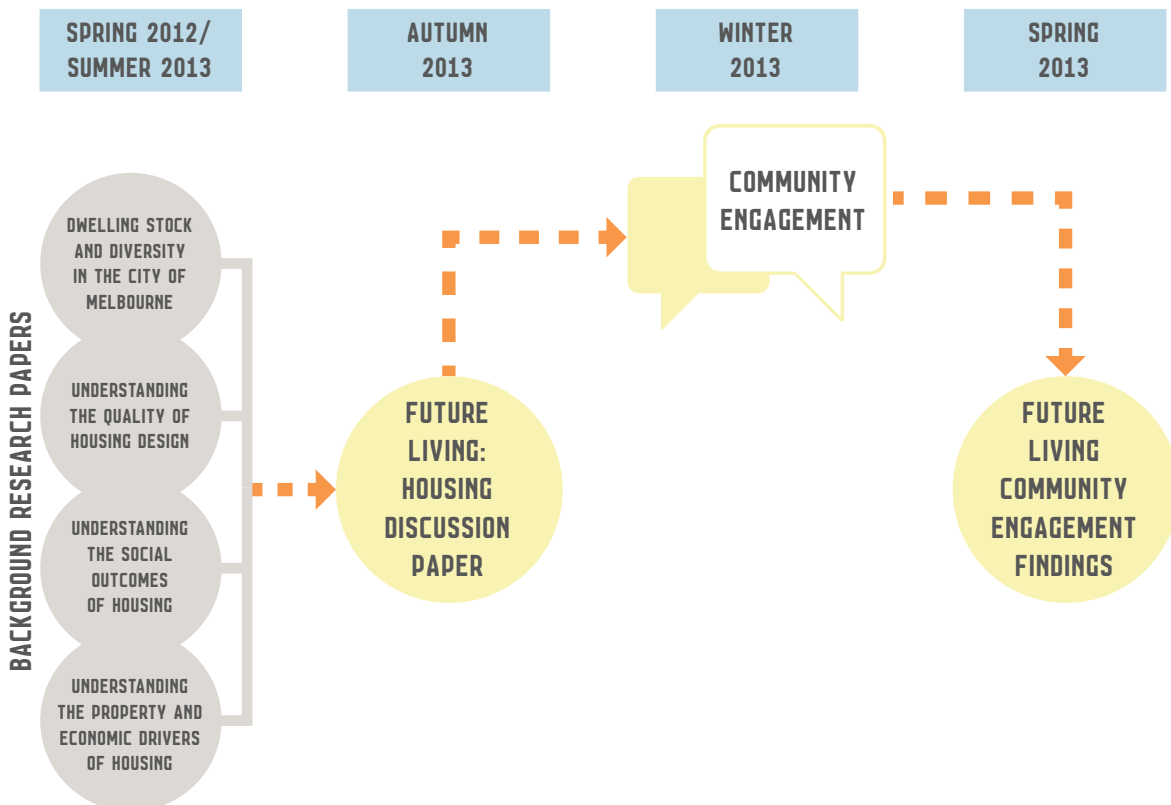


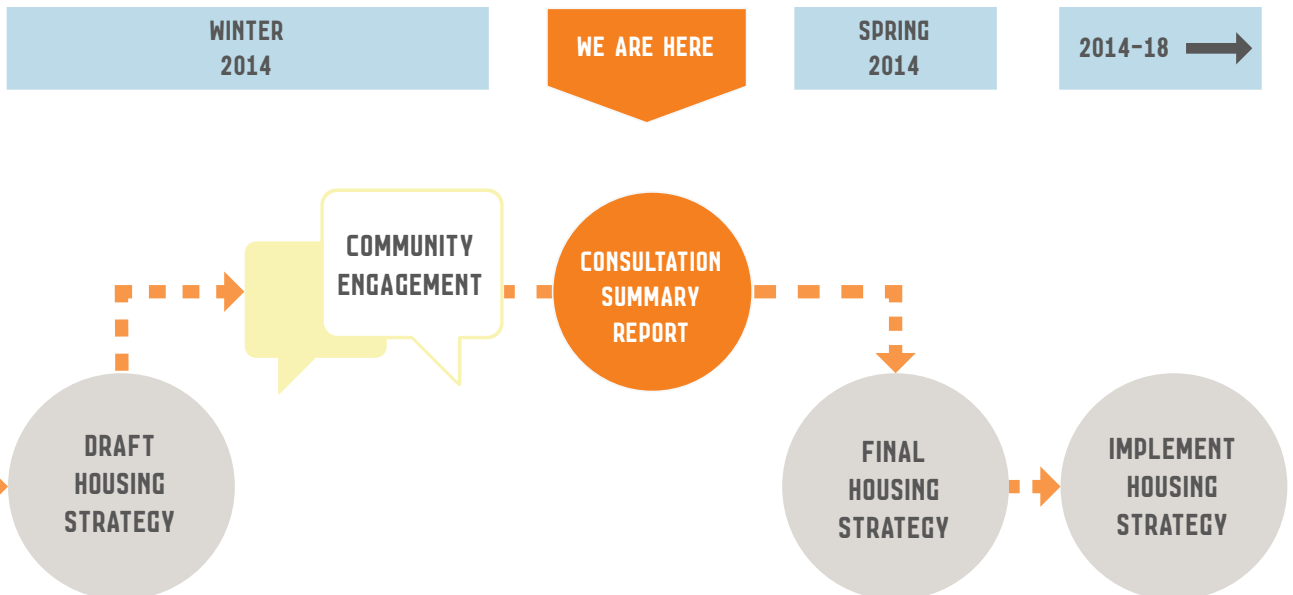
Figure 1.1: Our process of producing a Housing Strategy

Draft Housing Strategy

The draft Housing Strategy *Homes for People* was approved for consultation by the Future Melbourne Committee on June 10 2014. *Homes for People* identified three goals and 12 actions to help us meet our housing challenges and achieve our aspiration.

The goals and actions in the draft strategy were informed by industry stakeholders and the wider community. They are interdependent and are required for the long term sustainability and liveability of Melbourne.

Homes for People was subject to community engagement from 11 June to 8 August 2014.



Promotion and Media

Homes for People was widely promoted and received significant media coverage. This helped generate further public debate on the issues identified in the draft strategy as well as the proposed goals and actions.

Homes for People was advertised through various media and communications channels, including:

- An article titled “Home sweet home” in the City of Melbourne’s ‘Melbourne Magazine’;
- Social media advertisements on Facebook, Twitter, Google+ and LinkedIn;
- Posters distributed to City of Melbourne libraries and community centres;
- Radio and print advertisements including 3RRR, Melbourne Leader, Weekly Review City, Domain e-newsletter.

The Age newspaper featured an article on June 10 2014 titled “Melbourne’s tiny flats would be illegal in other cities.” The article discussed some of the findings in *Homes for People* around minimum apartment sizes and density controls. Planning chair Councillor Ken Ong was quoted on his preference for a minimum apartment size.

The article also drew attention to the “severe shortfall in affordable housing” and the key workers that are increasingly priced out of the municipality.

The article received 184 comments and was the most popular online article of the day.

1,613,360

TOTAL MEDIA AUDIENCE

On June 11 2014 The Age editorial titled “Thinking outside the little boxes,” welcomed the release of *Homes for People*. The editorial paints the broader context of residential growth in inner Melbourne under Postcode 3000, and that with the release of *Homes for People* “the City of Melbourne has brought the story up to date.”



Figure 1.2: The Age home page tile, most popular article, June 10 2014, 184 comments



Figure 1.3: The Age “Melbourne’s tiny flats would be illegal in other cities”, June 10 2014



Figure 1.4: The Guardian “Melbourne’s housing density more extreme than Hong Kong, council says”, June 11 2014

On July 24 2014 Shane Green’s comment piece in The Age “High-rise living comes at a high cost” called *Homes for People* a “must-read for anyone who cares about his city.” The article implored policy makers “to put the people of Melbourne and their city ahead of developer dollars,” stating that “Every poor apartment development erodes our much-lauded liveable-city status.”

Homes for People was featured and debated on urban planning related websites *Urban Melbourne* “Homes for People - Influencing apartment living for tomorrow” (June 16 2014) and *The Urbanist* “Should there be minimum apartment size for city centre apartments?” (June 12 2014) and “Does the city centre need more “family friendly” housing?” (June 17 2014).

Debate was predominantly focussed on design and amenity related issues such as minimum apartment sizes, borrowed light bedrooms and residential development densities.

On Monday 4 August Councillor Ken Ong delivered a response to a public forum hosted by the Inner Melbourne Planning Alliance titled *City in Crisis?* The panel were Geoffrey London (Victorian Government Architect), Leanne Hodyl (City of Melbourne), Robert Larocca (RP Data), Monique Sasson (Principal Career Eye) and Ashley Williams (Evolve for Property Council). Leanne Hodyl presented the draft Housing Strategy and the consultation period was extended one week to cover the event.



Figure 1.5: Tweet from Lee Glendinning, deputy editor of The Guardian June 11 2014



Figure 1.6: The Age “City apartment boom not delivering for Melbourne, forum to hear”, August 3 2014



Figure 1.7: The Age Editorial “Thinking outside the little boxes”, June 11 2014

Community engagement

The community engagement approach for *Homes for People* aimed to seek specific feedback on the strategy's three goals and 12 actions. It was focused on the City of Melbourne's online engagement portal *Participate Melbourne*. Industry stakeholders and the broader community could comment on the draft strategy via an online feedback form or formal submission.

The feedback form asked for participants to rate their level of support for each goal and action; strongly support, somewhat support, neither support or reject, not at all. The findings of these feedback forms are presented in Chapter 1.2. Participants could also comment on each goal and action and share any other comments.

The *Participate Melbourne* page received 6859 visits throughout the consultation period. 2139 of these were informed visits, where the user interacted with the content by clicking a link, viewing a photo, video or document.

THE STORY OF ROBYN, JAY AND POLLY...



ROBYN AND POLLY ENJOY SHARING THEIR SMALL APARTMENT IN SOUTHBANK, BUT DON'T HAVE MUCH ROOM TO HAVE FRIENDS OVER. THEY VOICE THEIR ISSUES IN A RESIDENTS SURVEY.

THE STORY OF ROBYN, JAY AND POLLY...



LATER, ROBYN AND HER BOYFRIEND JAY DECIDE TO MOVE IN TOGETHER. GUIDED BY THE GOOD HOUSING CAMPAIGN, THEY RENT A ONE BEDROOM APARTMENT IN THE CITY CENTRE.

6859

PAGE VISITS

2139

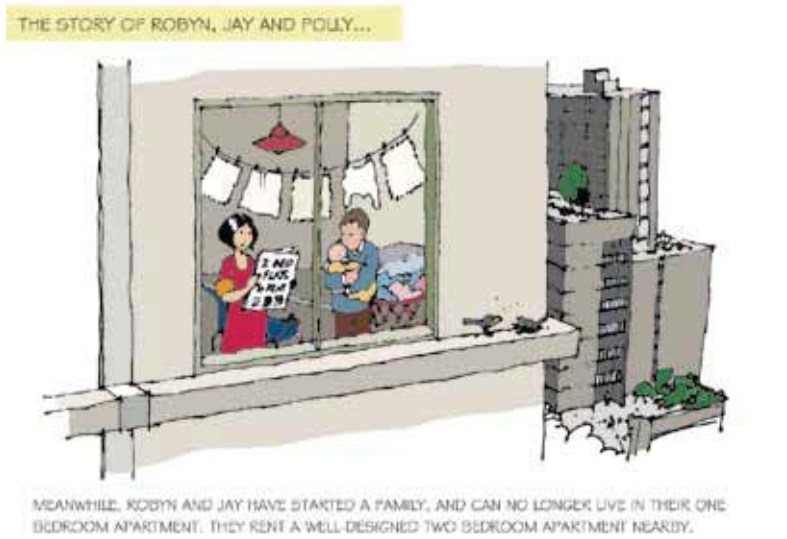
INFORMED VISITS



Animated video

A key component of the *Participate Melbourne* page was an animated video telling the story of three residents Robyn, Jay and Polly, and their changing housing needs. The story illustrated the way the Housing Strategy’s 12 actions could assist people at different stages of their lives. This video was viewed 944 times.

Stills from the video could also be viewed in an image library. The image library was accessed 1442 times.



1442
IMAGE LIBRARY
VIEWS

944
VIDEO VIEWS

Homes for People was available online and was downloaded 700 times. Other background documents were also available and were downloaded 100 times, including:

- **Future Living, a discussion paper identifying issues and options for housing our community**, City of Melbourne, 2013.
- **Future Living Community Engagement Findings**, City of Melbourne, 2013
- **Understanding the Social Outcomes of Housing**, SGS Economics & Planning and AHURI, 2013
- **Understanding the Property and Economic Drivers of Housing**, SGS Economics and CBRE, 2013.
- **Understanding the Quality of Housing Design** City of Melbourne, 2013
- **Dwelling Stock and Diversity in the City of Melbourne**, City of Melbourne, 2012.

THE STORY OF ROBYN, JAY AND POLLY...



OVER TIME, INCREASED RENT AND GROWING HOUSEHOLD EXPENSES PUT THE COUPLE UNDER 'HOUSING STRESS'. THEY APPLY FOR AFFORDABLE HOUSING AND SOON MOVE INTO A TWO BEDROOM APARTMENT IN CITY NORTH, MANAGED BY A HOUSING ASSOCIATION. THEIR NEW APARTMENT IS WELL DESIGNED AND WELL BUILT - NO DIFFERENT TO PRIVATE APARTMENTS IN THE SAME BLOCK.

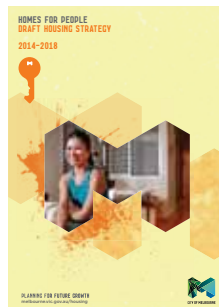
THE STORY OF ROBYN, JAY AND POLLY...



AFTER ROBYN GETS A PROMOTION, THE FAMILY NO LONGER REQUIRE AFFORDABLE HOUSING. THEY MOVE BACK INTO A PRIVATELY RENTED APARTMENT IN THE INNER CITY AND HAVE A SECOND CHILD. THEY BEGIN SAVING FOR A HOME DEPOSIT.



700+
DOCUMENT DOWNLOADS



In total, 106 responses were received, consisting of 87 feedback forms on the Participate Melbourne website and 19 submissions. The responses to these feedback forms are summarised in the pie charts on the following pages.

The 19 submissions were received from the following government and industry stakeholders, residents and community groups:

- Property Council of Australia (PCA)
- Housing Industry of Australia (HIA)
- Community Housing Federation of Victoria
- Metropolitan Planning Authority (MPA)
- Southbank Residents Association
- Central Equity
- Architects for Peace
- Open Studio (architects)
- Visionary Design Development
- Strata Community Australia
- Tenants Union of Victoria
- Women’s Property Initiative
- Professor Roz Hansen
- Kate Breen - Affordable Housing Outcomes
- Angela Williams
- John Joyner
- Alexander Lugg
- Ewan Ogilvy
- Marcus O’Reilly

THE STORY OF ROBYN, JAY AND POLLY...



EVENTUALLY ROBYN AND JAY ARE READY TO START LOOKING FOR A THREE BEDROOM HOME. WITH HELP FROM THE NEW HOUSING RATINGS TOOL, THEY MOVE INTO AN APARTMENT IN ARDEN-MACAULAY. EVERYTHING THEY NEED IS STILL WITHIN WALKING DISTANCE.

THE STORY OF ROBYN, JAY AND POLLY...



AFTER THE CHILDREN LEAVE THE NEST, ROBYN AND JAY DOWNSIZE BUT CHOOSE TO STAY IN THE CITY. THEY MOVE INTO A WELL-DESIGNED AND ACCESSIBLE APARTMENT IN FISHERMANS BEND.



106

SUBMISSIONS AND FEEDBACK FORMS



1.2 KEY FINDINGS

Introduction

Though a variety of views were shared on the draft Housing Strategy's 3 goals and 12 actions, the general response can be summarised as follows:

- Strong overall support for the draft Housing Strategy
- Strong endorsement for the City of Melbourne to be bold and lead the improvement of housing outcomes
- No changes required to policies proposed in the draft strategy - just clarification and further explanation
- Action 4: Victorian Apartment Design Standards was the most strongly supported action through the feedback forms
- No actions were opposed by greater than 10% of feedback form responses

In order to provide a snapshot of the response to the draft Housing Strategy a summary of submissions and comments from the feedback forms is presented on the following pages. Whilst every effort has been made to represent the views of all submitters, this summary is not a comprehensive list of all responses.

The City of Melbourne's detailed response to individual submissions can be found in Part 2 of this report.



GOAL 1

HELP PROVIDE AT LEAST 1721 AFFORDABLE HOMES (SUBSIDISED) FOR LOW AND MODERATE INCOME EARNERS BY 2021

Overall summary

- Strong overall support for Goal 1 through feedback forms and submissions
- General acknowledgment that the City of Melbourne has a housing affordability problem that needs to be addressed
- Differing views that the figure of 1721 (15%) affordable homes is too high or too low
- Further clarification sought on how Goal 1 is to be implemented
- Some concerns Goal 1 could increase development costs

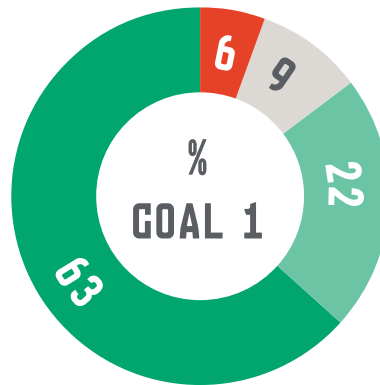


Figure 1.8: Level of support for Goal 1 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Property Council of Australia

- Supports Goal 1, though is concerned that several critical issues have been disregarded or oversimplified, including housing associations' capacity to buy and manage affordable housing stock without increased government funding.

Housing Industry Association

- The HIA is concerned that a requirement for affordable housing will place the burden of social housing solely on new home owners and rather requires much broader based action from all levels of Government.

Community Housing Federation of Victoria

- Applauds Goal 1 and encourages the City of Melbourne to be a leader in facilitating and encouraging social and affordable housing.

Metropolitan Planning Authority

- Congratulates the City of Melbourne on this strategy and strongly endorses its goals.

Southbank Residents Group

- Believes 15% affordable housing should be the maximum and should be spread through the municipality and within individual developments.

Central Equity

- Generally supportive of the 3 goals.

Architects for Peace

- Supports Goal 1 though believes it can go further by setting a target that will address the existing affordable housing shortfall.

Open Studio Architecture

- Encourages the implementation of Goal 1 to occur before or concurrently with Goal 2 to avoid worsening affordability

problems.

Strata Community Australia

- We applaud and recognise the need for affordable housing.

Tenants Union of Victoria

- Supports Goal 1 and believes the 15% affordable housing target could be raised to address the significant exclusion of low-moderate income households.

Women's Property Initiative

- Welcomes the goals and actions outlined in the Draft Housing Strategy.

Individuals

- Achieving Goals 1 and 2 will be vital in avoiding significant social and economic impacts on Melbournians now and into the future.
- Strongly supports Goal 1.

Feedback forms

- Subsidised housing doesn't address the causes of excessive housing costs
- More needs to be done - affordability is a bigger problem and won't be met by these proposals
- City living should just be for those who can afford it
- Concerns about price of new apartments
- Some of the goals are mutually exclusive
- Consideration of affordability should not compromise quality
- Concern community will become exclusive, not inclusive

Please see Part 2 for detailed response to individual submissions

GOAL 2

IMPROVE THE DESIGN QUALITY AND ENVIRONMENTAL PERFORMANCE OF NEW APARTMENTS

Overall summary

- Very strong support for Goal 2 through feedback forms
- Important in maintaining Melbourne’s long term economic, environmental and social prosperity
- Considered vital to Melbourne’s liveability
- Greater consultation sought as the standards are developed
- Varying views as to whether standards should be mandatory or guidelines
- Generated significant debate about minimum apartment sizes (even though not a specific proposal in draft strategy)

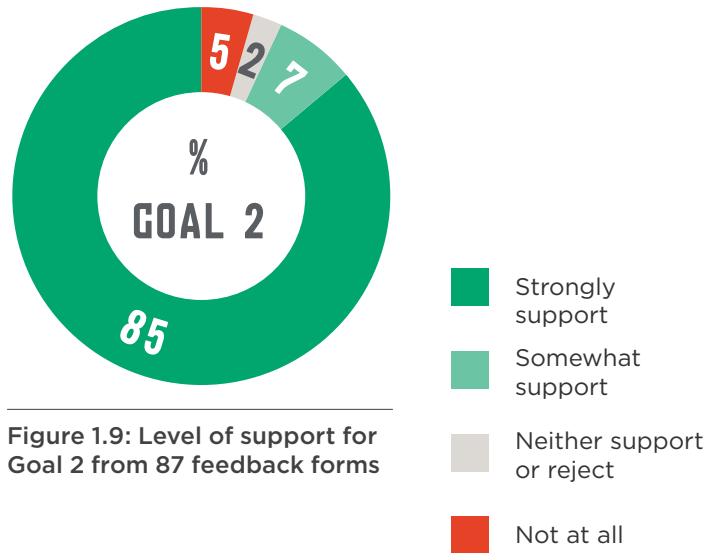


Figure 1.9: Level of support for Goal 2 from 87 feedback forms

Summary of each submission

Property Council of Australia

- Appreciates Goal 2 but encourages greater consultation to understand its market implications.

Housing Industry Association

- Believes that updating and reviewing apartment building guidelines should include a public consultation process and uphold the delineation between the roles of planning and building regulation.

Metropolitan Planning Authority

- Congratulates the City of Melbourne on this strategy and strongly endorses its goals.

Southbank Residents Group

- Believes Goal 2 is absolutely fundamentally important and needs to be afforded upmost attention by the City of Melbourne.

Central Equity

- Generally supportive of the 3 goals.

Architects for Peace

- Supports Goal 2 though believes it can go further to improve amenity and building quality.

Open Studio Architecture

- Believes the draft strategy considers the affordability goal and the design goal rather separate - affordability goal should be a priority.

Visionary Design Development

- Goal 2 should further consider accessibility and Universal Design capabilities.

Strata Community Australia

- Would be valuable contributors to discussions to support design quality and environmental performance of new apartments.

Tenants Union of Victoria

- Stresses that housing stock must take into account the differing needs and life stages of households for the City of Melbourne to nurture the diversity it craves.

Women’s Property Initiative

- Welcomes the goals and actions outlined in the Draft Housing Strategy.

Individuals

- Achieving Goals 1 and 2 will be vital in avoiding significant social and economic impacts on Melbournians now and into the future.

Feedback forms

- Design quality is subjective – those who don’t like living in small apartments don’t have to
- Support for greater energy efficiency of new apartments

- Improved quality would encourage more people to live in the city
- Concern that minimum apartments sizes will impact affordability
- Need to find balance between affordability and design quality
- Risk of Melbourne losing its liveability status

Please see Part 2 for detailed response to individual submissions

G GOAL 3

FOSTER A HIGH LEVEL OF AWARENESS AND KNOWLEDGE AROUND GOOD HOUSING OUTCOMES

Overall summary

- Strong support for Goal 3 from all sectors
- Many submitters indicating that the City of Melbourne is well placed to lead in the area of awareness around good housing outcomes
- Seen as essential to achieving Goals 1 and 2
- Stakeholders welcome partnership with the City of Melbourne - particularly through the proposed Housing Advisory Committee (Action 12)

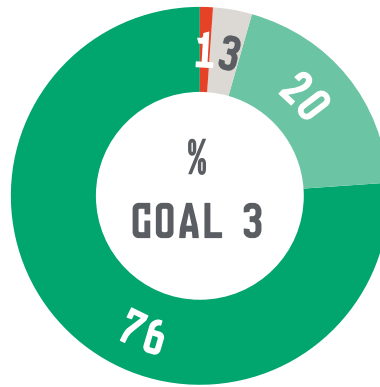


Figure 1.10: Level of support for Goal 3 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Property Council of Australia

- Supports Goal 3 and welcomes the opportunity to work further with the City of Melbourne.

Housing Industry Association

- Indicates that determining 'good housing outcomes' requires a value judgement and that increased knowledge may not translate to a greater understanding.

Metropolitan Planning Authority

- Congratulates the City of Melbourne on this strategy and strongly endorses its goals.

Southbank Residents Group

- Supports Goal 3, City of Melbourne can be a leader in Australia but has missed the opportunity to be a world leader due to too many existing poorly designed developments.

Central Equity

- Generally supportive of the 3 goals.

Open Studio Architecture

- Believes Goal 3 can be address by the City of Melbourne leading affordable housing developments and showcasing design excellence.

Women's Property Initiative

- Welcomes the goals and actions outlined in the Draft Housing Strategy.

Strata Community Australia

- Would be valuable contributors to discussions to support opportunities to foster a high level of awareness and knowledge around good housing outcomes.

Feedback forms

- City of Melbourne has a strong leadership role as a Capital City

- Consultation and education is key

Please see Part 2 for detailed response to individual submissions



Affordable housing on City of Melbourne owned land

.....
 Consider a 'Boyd High School style' model for delivery of affordable housing on Council owned sites that are redeveloped for housing in the future.

Overall summary

- Considered a good way for the City of Melbourne to lead by example
- Feedback forms and submissions suggest greater clarity is required on how Action 1 will be implemented

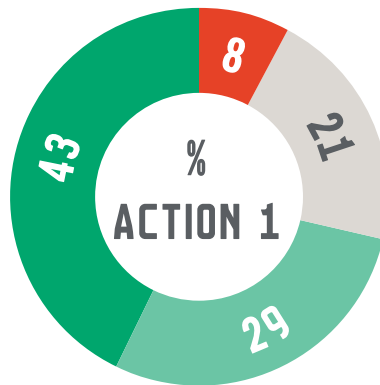


Figure 1.11: Level of support for Action 1 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Property Council of Australia

- Seeks greater clarification on the methods of implementation of Action 1.

Housing Industry Association

- HIA opposes mandatory affordable housing requirements on council owned sites.

Community Housing Federation of Victoria

- Strongly encourages the use of City of Melbourne owned land for affordable rental housing.

Southbank Residents Group

- Believes the 15% affordable housing target should not be any higher. 20% at Boyd High School is excessive.

Central Equity

- Seeks further clarity on Action 1.

Open Studio Architecture

- Strongly supports Action 1, suggesting a minimum of 20% affordable housing provision whilst showcasing design excellence.

Individuals

- Strongly supports Action 1, with consideration to the challenges of balancing financial objectives with social returns.
- Supports Action 1 and encourages a 20% target to be achieved, pointing to the Queen Victoria Market redevelopment as an excellent opportunity.

Feedback forms

Please see Part 2 for detailed response to individual submissions



Development bonuses

Support development bonuses to incentivise the provision of affordable housing through the planning scheme in Arden-Macaulay and encourage in other new urban renewal areas (Fishermans Bend and E-gate).

Overall summary

- Further clarification required on how development bonuses would work
- Merit of bonuses questioned without mandatory height and/or density controls

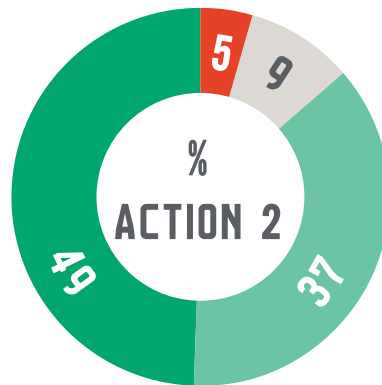


Figure 1.12: Level of support for Action 2 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Property Council of Australia

- Seeks greater clarification on the methods of implementation of Action 2.

Housing Industry Association

- Supports affordable housing incentives as opposed to mandatory requirements.
- Will not solve affordability problem alone, rather a more holistic approach should be considered to look at the structural, governance and taxation policy matters that add unnecessarily to the cost of housing.

Community Housing Federation of Victoria

- Strongly supports Action 2.

Individuals

- Questions the usefulness of development bonuses without

mandatory controls from which to leverage off - encourages Council to introduce such controls in growth areas.

Feedback forms

- Incentives for developers are important

Please see Part 2 for detailed response to individual submissions



Inclusionary zoning

.....
 Require 15 per cent affordable housing (subsidised) through inclusionary zoning in the planning scheme in all growth areas (urban renewal areas and the Hoddle Grid).

Overall summary

- Most divisive action, receiving general support with some strong opposition
- More clarity on implementation required with the importance of lead times and impact on the development sector emphasised

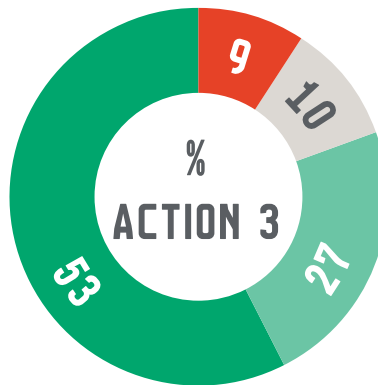


Figure 1.13: Level of support for Action 3 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Property Council of Australia

- Does not support Action 3 in its proposed format, and instead suggests the initiative be pursued by the Victorian Government.
- Seeks greater further clarification and suggests alternatives also be considered.

Housing Industry Association

- Strongly opposes mandatory inclusionary zoning in growth areas and the Hoddle Grid.

Community Housing Federation of Victoria

- Strongly supports Action 3 and indicates the community housing sector is well equipped to manage new affordable housing.

Southbank Residents Group

- Affordable housing should be spread throughout the

municipality and throughout individual developments.

Central Equity

- Seeks further clarity in Action 3 and encourages reasonable transition period.

Open Studio Architecture

- Suggests implementation of affordable housing related actions are a greater or equal priority to design related actions, particularly Action 3.

Tenants Union of Victoria

- Welcomes Inclusionary zoning and points to examples in Adelaide and Europe where it has succeeded.

Individuals

- Recommends Action 3 to be introduced with reasonable lead times to allow developers to adjust, with the developer then responsible for indicating this imposes' financial infeasibility.

- Encourages the development sector to provide Council with information on the extent of inclusionary zoning's impact on development profits.
- Believes Action 3 will be the most effective way to increase affordable dwellings, coupled with advocacy to the State Government.
- Believes Action 3 must begin earlier than suggested to have any meaningful impact.

Feedback forms

- Support for intervention to provide affordable housing
- Don't interfere with the market

Please see Part 2 for detailed response to individual submissions



Victorian Apartment Design Standards (underway)

Work with the Office of the Victorian Government Architect and other key stakeholders to deliver the Victorian Apartment Design Standards.

Overall summary

- Most strongly supported action through feedback forms
- Greater consultation requested
- Differing views around whether standards should be guidelines or mandatory requirements

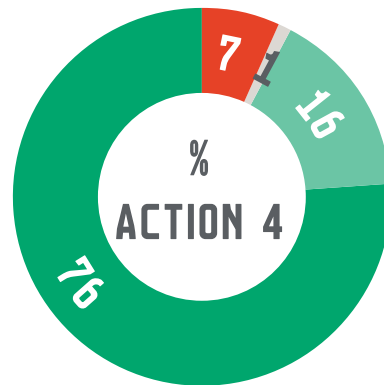


Figure 1.14: Level of support for Action 4 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Property Council of Australia

- Appreciates Action 4 but warns the City of Melbourne to consider the impact of NSW SEPP65 mandatory controls on Sydney's housing market.

Housing Industry Association

- Seeks further involvement in the process to provide industry recommendations and feedback.

Southbank Residents Group

- Indicates that improved design standards are fundamentally important and need to be afforded upmost attention by the City of Melbourne.

Central Equity

- Concerned about the impact of Action 4 on affordability and diversity of dwellings and encourages reasonable transition period.

Open Studio Architecture

- Recommends that Action 4 be enforceable measures, not just aspirations.

Tenants Union of Victoria

- All rental properties should be governed by a set of minimum standards that ensure safe, healthy and energy efficient housing.

Visionary Design Development

- Highlights the importance of accessibility for people of diverse physical, sensory and intellectual abilities and accommodation for an aging population.

Individuals

- Cautions against design standards being one-size-fits-all, and that different standards be considered for different areas.
- Supports apartment design standards and suggests inclusion of controls that

require construction methods to allow for future conversion of dwellings.

- Mandating minimum apartment sizes and banning borrowed light bedrooms will compromise affordability for key workers.
- Standards should be mandatory and clearly worded in policy.
- Setting minimum apartments sizes will not solve sustainability or affordability issues, rather emphasis should be placed on requiring other amenity improvements.
- Believes that without a stronger regulatory environment, Council initiatives will struggle to achieve their desired outcomes.

Feedback forms

- Concerns about quality and size of new apartments – some support for minimum standards
- Size does not determine quality

Please see Part 2 for detailed response to individual submissions



Ratings tool

Work with the Office of the Victorian Government Architect and other stakeholders to create a ratings tool for new housing development.

Overall summary

- Strong support for Action 5 through feedback forms
- Some questioned whether another ratings tool was required

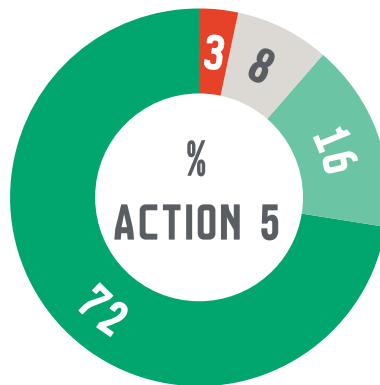
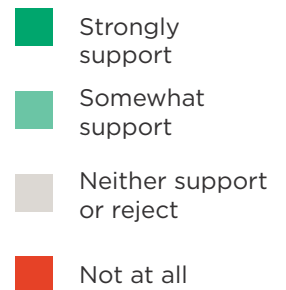


Figure 1.15: Level of support for Action 5 from 87 feedback forms



Summary of each submission

Property Council of Australia

- Supports Action 5 but questions its need with consideration to already existing measures.

Housing Industry Association

- Indicates there are many existing house ratings tools and is unclear why another is being considered.

Architects for Peace

- Strongly supports Action 5 and offers suggestions for elements of apartments to be rated.

Individuals

- Strongly supports Action 5 and suggests publishing ranking tables of developers.

Please see Part 2 for detailed response to individual submissions



Higher density living paper

Partner with the Office of the Victorian Government Architect and other stakeholders on a good design and higher density living paper.

Overall summary

- Strong support for Action 6 through feedback forms
- Some stakeholders required further information to understand Action 6

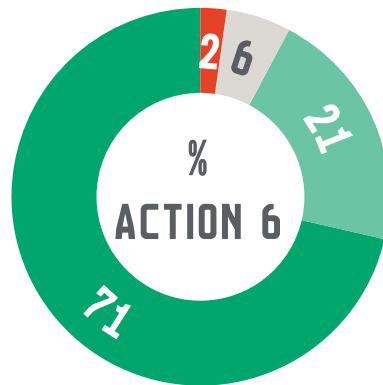


Figure 1.16: Level of support for Action 6 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Please see Part 2 for detailed response to individual submissions

Property Council of Australia

- Supports Action 6 but believes it should have been considered prior to *Homes for People* and the OVGA Victorian Apartment Design Standards.

Housing Industry Association

- Seeks further clarity on the aims of Action 6.

Southbank Residents Group

- Believes improved design standards and environmental performance should include the entire development.

Architects for Peace

- Indicates that residents of strata titled buildings have difficulty upgrading common features and that towers need to be designed right in the first place.



Good housing campaign

Develop a campaign to raise awareness of good housing

Overall summary

- Strong overall support for Action 7 from submissions and feedback forms
- Stakeholders welcome the opportunity to be further involved in the development of Action 7

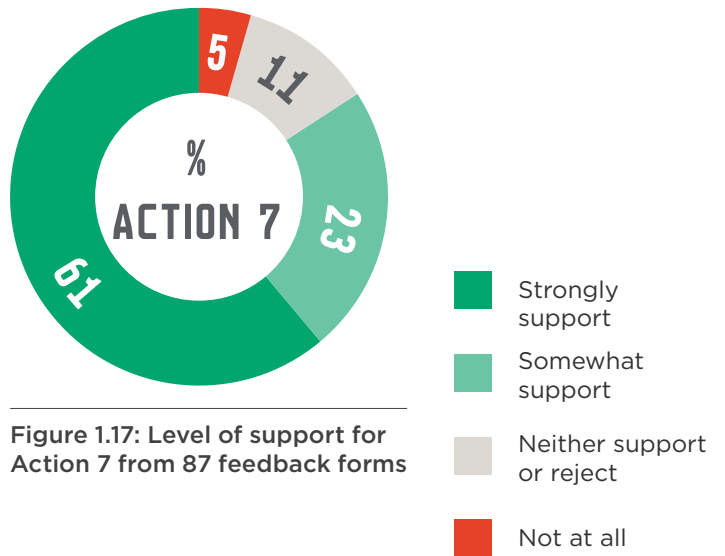


Figure 1.17: Level of support for Action 7 from 87 feedback forms

Summary of each submission

Property Council of Australia

- Supports Action 7.

Housing Industry Association

- Seeks clarity on Action 7 and cautions against subjectivity of 'good housing'.

Individuals

- Indicates the need for clear measures of success at the outset of the campaign.

Feedback forms

- Support for making it easier for other forms of housing such as housing co-operatives

Please see Part 2 for detailed response to individual submissions



Resident surveys

Undertake surveys of residents living in apartments in new high density developments to help inform future actions, policies and the market.

Overall summary

- Strong overall support for Action 8 from submissions and feedback forms
- Action 8 welcomed as a means of better understanding a broad selection of community views

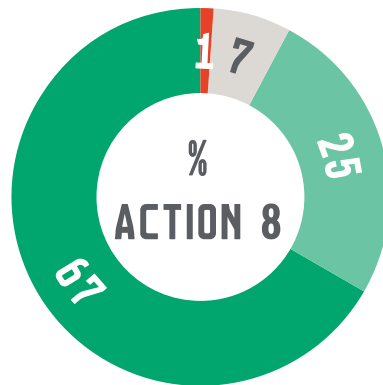


Figure 1.18: Level of support for Action 8 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Please see Part 2 for detailed response to individual submissions

Property Council of Australia

- Supports Action 8.

Housing Industry Association

- Supports Action 8.

Southbank Residents Group

- Believes existing residents in high density accommodation need to be consulted extensively on their experiences, particularly first time occupiers of new developments.

Individuals

- Suggests partnering with universities to develop Action 8.

Feedback forms

- A resident survey is crucial and should focus on quality of life, and feed into the future developments of residential housing in our city.



Inner city coordination

Coordinate the successful delivery of local housing strategies with the Metropolitan Planning Authority, members of the Central Subregion and the Inner Melbourne Action Plan.

Overall summary

- Strong overall support for Action 9 through the feedback forms
- Importance of coordination with neighbouring municipalities and other levels of Government broadly supported

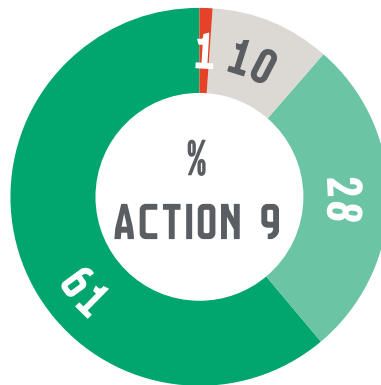


Figure 1.19: Level of support for Action 9 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Property Council of Australia

- Supports Action 9 and emphasises affordable housing and other social infrastructure provision being developed on a state-wide basis.

Housing Industry Association

- Considers Action 9 a priority for Council.

Please see Part 2 for detailed response to individual submissions



Housing Advisory Committee

Set up a Housing Advisory Committee to help develop evidence, knowledge and partnerships with industry and community stakeholders and help implement the Housing Strategy.

Overall summary

- Overall support for Action 10 through feedback forms
- This action is generally supported with the condition that all stakeholders are represented

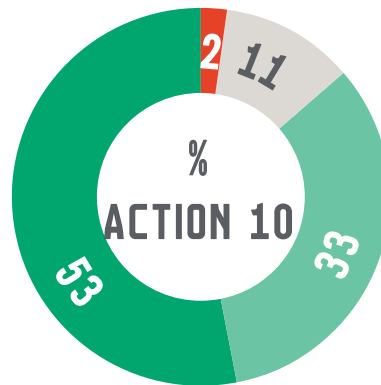


Figure 1.20: Level of support for Action 10 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Property Council of Australia

- Supports Action 10 with meaningful engagement with the development industry.

Housing Industry Association

- Supports Action 10 and welcomes representation to ensure input can be provided by Australia's peak residential building industry association.

Community Housing Federation of Victoria

- Supports Action 10 and encourages representation from the community housing sector.

Metropolitan Planning Authority

- Believes Action 10 should be implemented first to test proposals with all arms of government and industry.

Strata Community Australia

- Welcomes further discussion and participation in the continued progress of the housing strategy.

Individuals

- Supports Action 10 and encourages representation from tertiary institutions and students.

Please see Part 2 for detailed response to individual submissions



Annual reporting

Report annually to the Future Melbourne Committee on the implementation of the Housing Strategy.

Overall summary

- Strong support for Action 11 through the feedback forms
- Some stakeholders suggested Key Performance Indicators need to be established

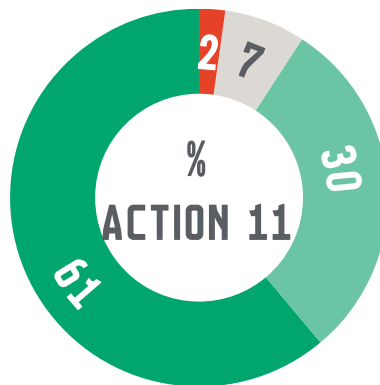
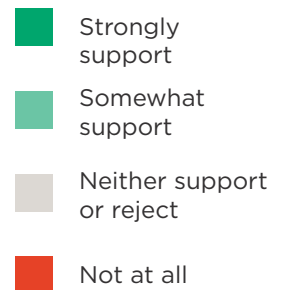


Figure 1.21: Level of support for Action 11 from 87 feedback forms



Summary of each submission

Property Council of Australia

- Supports Action 11 but requests greater details on potential Key Performance Indicators (KPIs).

Housing Industry Association

- Has no objection to Action 11.

Individuals

- Supports Action 11 with clear KPIs.

Please see Part 2 for detailed response to individual submissions



City of Melbourne Apartment Design Standards (if required)

.....
 Develop a planning scheme amendment for improved apartment design quality in the municipality to complement the Victorian-wide standards.

Overall summary

- Differing views on whether design standards are best implemented at a State level or if unique City of Melbourne standards are required
- Comments similar to those regarding Action 4 Victorian Apartment Design Standards

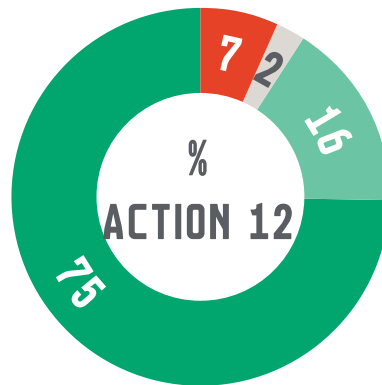


Figure 1.22: Level of support for Action 12 from 87 feedback forms

- Strongly support
- Somewhat support
- Neither support or reject
- Not at all

Summary of each submission

Property Council of Australia

- Does not support Action 12 as greater regulation will inhibit developers capacity to innovate and further damage affordability.

Housing Industry Association

- Generally does not support local government standards and seeks further clarity and involvement.

Individuals

- Supports Action 12 and encourages consideration of existing buildings and solar access.

Please see Part 2 for detailed response to individual submissions

PART TWO

PROPOSED CHANGES

2.1 MAIN CHANGES TO FINAL HOUSING STRATEGY

	REFERENCE	CHANGE MADE - TEXT AS WAS IN DRAFT HOUSING STRATEGY WITH CHANGES SHOWN IN RED	REASON FOR CHANGE (SUBMISSION NO. AND PART NO.)	PAGE
1	Strategy Snapshot, Housing Challenges	<ul style="list-style-type: none"> The number of vacant apartments is increasing, without a drop of rental prices 	Vacancy rate information moved within 'There is a need for more affordable housing (subsidised) in the municipality. See main change No.4	6
2	Snapshot, Action 1	<p>Consider a 'Boyd High School style' model for delivery of affordable housing on Council owned sites that are redeveloped for housing in the future.</p> <p>As part of the comprehensive redevelopment by the City of Melbourne of land it owns, we will consider including up to 20 per cent of dwellings constructed being made available as affordable housing to a registered Affordable Housing Provider.</p>	Response to submissions requesting greater clarity on Action 1 and the 'Boyd High School style' model. See main change No.15	7
3	Snapshot, Action 4	Work with the Office of the Victorian Government Architect and other key stakeholders to deliver the Victorian Apartment Design Standards.	The action involves working with a number of departments in the Victorian Government	7
4	Snapshot, Action 5	Work with the Office of the Victorian Government Architect and other stakeholders to create a ratings tool for new housing development.	The action could involve working with a number of departments in the Victorian Government	7
5	Snapshot, Action 6	Partner Work with the Office of the Victorian Government Architect and other stakeholders on a good design and higher density living paper.	The action could involve working with a number of departments in the Victorian Government	7
6	Chapter 1	<p>Draft Housing Strategy</p> <p>A draft version of <i>Homes for People</i> was subject to community consultation from June to August 2014. The draft strategy was widely promoted and received significant media coverage. The consultation, utilising the City of Melbourne's online engagement portal <i>Participate Melbourne</i>, focussed on feedback on the 3 goals and 12 actions in the draft strategy. One hundred and six responses were received which have helped inform the final strategy. There was strong overall support for the strategy and its 3 goals and 12 actions. Further clarification and explanation has been included in the final strategy to respond to the comments received. More information on the consultation on the draft strategy, including detailed responses to each submission, is included in <i>Homes for People Draft Housing Strategy Consultation Summary Report</i> (City of Melbourne, 2014).</p>	Reference consultation on draft Housing Strategy	13

<p>7</p>	<p>Chapter 3, 'There is a need for more affordable housing (subsidised) in the municipality.'</p>	<p>Vacancy rates</p> <p>Vacant stock plays an important part of a balanced housing market. There is a 'natural' rate of vacancy that is required to enable a healthy market to operate in equilibrium. Broadly, a rate of 3 per cent is considered to indicate equilibrium in the rental market, below which there are likely to be shortages and rent increases and above which is likely to be an oversupply and reduction in rental values. Apartments in central city areas, however, can be utilised for many purposes such as corporate housing, while there may be seasonality caused by our high student population.</p> <p>Vacancy rates in the City of Melbourne have been very low over the last decade but have increased recently, from 2.5 per cent in 2012 to 5 per cent in 2013 (SQM). In some central city suburbs, such as in Docklands, rates increased higher, up to 9.7 per cent. However this has not had a significant impact in reducing rental prices. Rents for a one bedroom apartment in the municipality have stayed stable at between \$350-360 a week (DHS Rental Report and REIV data, March 2014). Rents for a two bedroom apartment in the municipality have either stayed stable at \$500 a week (DHS Rental Report, March 2014) or reduced to \$440 a week (REIV data, March 2014), depending on the different data sets used. Considering this, along with the high cost of rental prices relative to income, housing is still unaffordable for many low and moderate income households as discussed above (see p25).</p> <p>Furthermore, in 2014, while there has been a minor increase in the vacancy rate in Southbank, rates in the CBD and Docklands have decreased, as has the overall rate for the municipality to 4.1 per cent (SQM, June 2014). The vacancy rates for the inner 4km has also reduced, from 4 per cent in 2013 to 3.4 per cent in 2014 (REIV, May 2014). This decrease in vacancy rates, coupled with a growing population, would suggest that rents will remain unaffordable for many low and moderate income households for the foreseeable future and further supports the need for subsidised affordable housing.</p>	<p>Vacancy information moved to this section in Chapter 3 as it is directly linked with rental prices and the need for affordable housing.</p> <p>Vacancy figures updated.</p>	<p>27</p>
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8	Chapter 3, Vacant apartments	<p>The number of vacant apartments is increasing, without a drop in rental prices</p> <p>In November 2013, the vacancy rate for the City of Melbourne as a whole increased from December 2012 from around 2.5 per cent to 5 per cent, increasing to 7.8 per cent around the Hoddle Grid and 9.7 per cent for Docklands. While in theory this may cause weekly rentals to drop or at least stabilise, they do so from a high position following the increases over the last 10 years. The current average for a two bedroom apartment in the City of Melbourne is \$500 per week and \$705 for a three bedroom apartment. Such rents are still, therefore, unlikely to become affordable to many low and moderate income households in the near future, especially considering our growing population.</p>	Research figures updated. Information about vacancy rates moved to subheading 'There is a need for more affordable housing (subsidised) in the municipality' in Chapter 3 as vacancy rates impacts rents which impacts the need for affordable housing.	27
9	Chapter 3	<p>Figure 3.7 added</p> <p>Figure 3.7: An illustrative theoretical diagram showing the process of development and the possible value uplift which could occur from the rezoning of land, greater planning certainty, the granting of a planning permit and an increase in infrastructure provision.</p> <p>Scenario 1 shows the current situation, when the residual land value is high due to no height/density controls and no requirement for affordable housing. This results in greater value uplift, the majority of which goes to the landowner. The development makes a profit for the developer to</p> <p>Scenario 2 shows a situation with greater height or density controls, the application of apartment design standards and an affordable housing incentive using a density bonus. These requirements impact the residual land value but still ensure the development is profitable to the landowner and developer. More of the value uplift is reinvested back to the community</p> <p>Scenario 3 shows a situation with no height/density controls but with a 15 per cent requirement for affordable housing and the application of apartment design standards. These requirements impact the residual land value but still ensure the development is profitable to the landowner and developer. A larger proportion of the value uplift goes back to the community.</p>	Response to submissions regarding land value, value capture and how developer requirements could impact land value rather than market housing.	30

10	Chapter 3, Developer Contributions	<p>Developer contributions</p> <p>The City of Melbourne is currently progressing two planning scheme amendments that together require an increase in the provision of developer contributions (see figure 3.7). These amendments will require developers to contribute to the cost of providing new infrastructure, such as community facilities or public realm upgrades in Southbank and City North (Planning Scheme Amendment C208) and open space throughout the municipality (Planning Scheme Amendment C209).</p> <p>The City of Melbourne has also formally written to the Minister for Planning requesting to introduce development contributions for residential apartment development in the Hoddle Grid of \$900 per apartment to contribute to future community infrastructure needs.</p> <p>It has been argued that as Some consider that as developer contributions add to the cost of housing development, they add to the problem of worsen housing affordability. However, research by the Productivity Commission concluded that the greater use of developer contributions is unlikely to have any substantial effect on housing affordability (Productivity Commission 2004, p. 165). Research by AHURI also found that, while developers advised that they seek to pass new charges on through sales prices where possible, that these should ultimately be passed back to landowners over time (AHURI, 2009).</p> <p>Recent research by Urbis (Urbis, 2014) found that taxes on development such as developer contributions account for only 6 per cent of total costs, whereas other costs such as stamp duty (24 per cent) and GST (35 per cent) are significantly higher. Even if these costs were reduced, there is no guarantee the savings would be passed on to the consumer if the market is willing to pay a higher price.</p> <p>Furthermore, they are, however, crucial to help retain the liveability of the city by being reinvested back to the community, contributing to and build successful and sustainable neighbourhoods. New housing development will also benefit from the uplift in value of a site if open space and community facilities are nearby.</p>	Clarify developer contributions as requested by submissions. New evidence added about cost of developer contributions as part of overall development costs.	32,33
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	Figure 3.7	<p>Inner Melbourne Standard Strategic Development Area Levy \$40500 Proposed by Victorian Government</p> <p>*additional 5-8% of total site area or land value as public open space contribution</p>	Updated information/clarification.	33
11	Chapter 4, Goal 1	<p>The affordable homes delivered should be a mix of different types and sizes. This could be a set percentage of different apartment types by bedroom number based on future projection of household types or be of the same or similar mix to that of the market housing. This will be considered further as the actions to help deliver the affordable housing are progressed.</p>	Respond to submissions on clarifying the mix of affordable housing and to ensure the affordable housing provided provides for our diverse residents.	49

12	Chapter 4, Goal 2	<p>It is widely acknowledged that the quality and amenity of apartments in NSW has noticeably improved since the introduction of State Environmental Planning Policy No 65 – Design Quality of Residential Flat Development (SEPP 65) and the Residential Flat Design Code in 2002. The Council of Australian Governments Reform Council recognised SEPP 65 as a best practice approach to apartment design.</p> <p>A recent review of the policy and the code found that they are achieving positive housing outcomes and are widely supported by the different stakeholder groups who use them for designing apartment buildings. Development feasibility and housing affordability were considered during the review.</p> <p>Economic advice confirmed that the marginal cost impacts of the current Residential Flat Design Code vary significantly depending on a range of factors associated with an individual development including location, land cost, site constraints and design characteristics of the building. It was also found that the cost of providing car parking can have significant impacts on construction costs and feasibility.</p> <p>The review has led to new planning guidelines for apartment design being released by the NSW Government. The proposed changes to SEPP65 and the accompany Residential Flat Design Code, renamed to the Apartment Design Guide, aim to introduce a more consistent approach to design across the state and provide more certainty for councils, architects and applicants.</p> <p>Updates to SEPP65 and the Apartment Design Guide include:</p> <ul style="list-style-type: none"> • Three clear reasons why consent authorities cannot refuse a development application if it complies with the design guide for ceiling heights, apartment size (existing) and car parking (new) • The Apartment Design Guide is outcome based and focuses on performance criteria • Ensuring every new apartment has a balcony and access to well designed and functional open space 	Updated information. Response to submissions regarding apartment design standards and how they work in NSW.	50,51
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<p>12</p>	<p>Chapter 4, Goal 2 (continued)</p>	<ul style="list-style-type: none"> • A minimum size of 35m2 for studio apartments. • Clearer design advice for natural ventilation and daylight • More flexibility around design to suit particular sites. • More flexibility around car parking. • More certainty and consistency around the standards. <p>The Property Council of Australia is supportive of the new guidelines which they state could help support housing supply and affordability if they are used sensibly.</p> <p>It is widely accepted that in New South Wales the State Environmental Planning Policy 65 – Design Quality of Residential Flat Development (SEPP65) and the supporting Residential Flat Design Code (RFDC) has improved the design quality of new housing. During the recent review of SEPP65 and the RFDC, the Property Council of Australia (New South Wales Division) stated that the policies and guidelines did bring about an improvement in apartment design and amenity and that the quality of medium and high density residential development will play a key role in ensuring future urban growth is widely accepted and successful.</p> <p>...the policies and guidelines did bring about an improvement in apartment design and amenity²</p> <p>The Property Council in their response to the review of SEPP65 and the Residential Flat Design Code in New South Wales</p> <p>Apartment living should not mean that quality is sacrificed – and that is what our changes ensure by setting minimum standards for communal open space, light, air and privacy.</p> <p>NSW Planning Minister Pru Goward (October 2014)</p>		
<p>13</p>	<p>Chapter 4, Goal 3</p>	<p>One of the clear findings from the community engagement on <i>Future Living</i> was that the City of Melbourne, as a well respected capital city authority, has an important role to play in leading awareness and knowledge around better housing outcomes. This was endorsed during the consultation on the draft Housing Strategy.</p>	<p>Additional information</p>	<p>52</p>

14	Chapter 4, How are the goals interdependent?	<p>Housing affordability could potentially be improved by reducing the amount of car parking and expensive communal facilities such as gyms and swimming pools within new housing developments. A car space can add up to \$50,000 to the cost of a new apartment according to the NSW Government's draft Apartment Design Guide (NSW Government, 2014)</p>	New evidence	56
15	Chapter 5, Action 1	<p>Action 1: Affordable housing on City of Melbourne owned land</p> <p>Consider a 'Boyd High School style' model for delivery of affordable housing on Council owned sites that are redeveloped for housing in the future.</p> <p>As part of the comprehensive redevelopment by the City of Melbourne of land it owns, we will consider including up to 20 per cent of dwellings constructed being made available as affordable housing to a registered Affordable Housing Provider.</p> <p>The City of Melbourne demonstrates its commitment to affordable housing by including requirements on our own land as it is redeveloped for housing. As part of the current redevelopment of the Boyd school site in Southbank, we ensured that 20 per cent of all the residential apartments would be affordable housing. This translated into 50 affordable housing apartments for low and moderate income households, with an additional 20 accessible apartments for people with disabilities. commercial offers for the purchase and development of the site were required to address an urban design brief and comply with a number of requirements. One requirement was that no less than 20 per cent of the number of dwellings constructed must be made available to a registered Affordable Housing Provider. An agreement pursuant to S.173 of the Planning and Environment Act 1987 was registered to ensure that the affordable housing is delivered.</p> <p>If other City of Melbourne owned sites are comprehensively redeveloped for housing in the future, we will consider a similar model to the Boyd High School site. a similar model to that used at the Boyd school site could be used to help secure 20 per cent affordable housing for low and moderate income earners.</p>	Response to submissions requesting greater clarity on Action 1 and the 'Boyd High School style' model	58

<p>16</p>	<p>Chapter 5, Action 2</p>	<p>Action 2: Density bonuses</p> <p>However, given the lack of mandatory strong height or density controls within the municipality, however, particularly within the Capital City Zone, there are currently only limited areas where development bonuses could work. Consideration could be given to strengthening discretionary height controls by using the discretionary height as the limit of development which can only be surpassed in exchange for affordable housing (or other community infrastructure).</p> <p>One of these areas is the Arden-Macaulay urban renewal area. The Future Melbourne Committee, at its 4 June 2013 Committee meeting, resolved that community benefit, which could include affordable housing, should be required in order to increase the preferred maximum height by a maximum of 30 per cent (see Figure 5.1 below).</p> <p>Other areas where development bonuses could potentially work are urban renewal areas where the planning of each area is still underway, such as Fishermans Bend and E-gate. Consideration could be given to providing sufficient development controls (such as height, density or plot ratio) in order to provide a threshold from which to establish a development bonus. See Figure 5.2 (p60) on how density bonuses could work, alongside Action 3 Inclusionary zoning.</p> <p>Figure 5.1 added</p> <p>Figure 5.1: An illustrative section showing the potential 30 per cent extra development in Arden Macaulay if affordable housing or other community benefit is provided.</p> <p>Figure 5.2 added</p> <p>Figure 5.2: Illustrative ways of how inclusionary zoning (Action 3) and density bonuses (Action 2) could theoretically work. The diagram shows just some of many ways that they could work. How they are actually implemented and work in the City of Melbourne, however, will be considered and tested as the actions are progressed. Further consultation will take place on these actions before they are finalised and implemented.</p>	<p>Response to submissions requesting greater information/clarity on Action 2</p>	<p>59, 61,62</p>
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<p>17</p>	<p>Chapter 5, Action 3</p>	<p>Action 3: Inclusionary zoning</p> <p>Our growth areas provide the best opportunity to increase the supply of affordable housing. This action, to be delivered through a statutory planning scheme amendment, would require developers to provide 15 per cent of the residential development proposed on a site as subsidised affordable housing. The action operates on the knowledge that all the land in urban renewal areas will continue to increase in value as a result of its rezoning, greater planning certainty, profit from liberal height/density controls and/or public investment in infrastructure in the area.</p> <p>With sufficient notice of the introduction of inclusionary zoning, a developers purchasing the land can factor the affordable housing requirement into the land price, similar to the way this happens for other development costs.</p> <p>Previous studies on the impact of developer charges have found that the charges could result in an increase in house prices, developers absorbing the charges or a decline in prices for land. However, for highly substitutable developments with few unique features (such as many of the apartments currently being built in the central city) the demand for the development would be highly elastic as a result of the high level of substitutability for other available housing. Consequently, prices rises will be capped by the prices of other comparable developments. In this instance, the developer charges will be mostly absorbed by the developer (SGS, 2011).</p> <p>Responding to comments from the development industry that increases in developer contributions directly cause an increase in housing prices, the Select Senate Committee on Housing Affordability (the Committee) warned against the use of the causality assumption, noting that ‘it may not be the case that developer charges are passed on to the home buyer. Instead, they may be partly incurred by the developer, or be passed back in he form of a lower price paid by the developer for the land’. The Committee recognised that the extent to which the charges are passed on to the home buyer may vary with the state of the housing market (Select Senate Committee on Housing Affordability in Australia 2008, p. 4).</p>	<p>Response to submissions requesting greater information/clarity on Action 3</p>	<p>60,61,62</p>
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	<p>Chapter 5, Action 3 (Continued)</p>	<p>Previous work by the Inner Melbourne Action Plan (IMAP) identified that, even if the requirement does increase the cost of market housing on a site, the likely increase in purchase cost would not be material in the market and would be swamped by other unrelated factors such as inflation and taxes (Biruu, 2008).</p> <p>Inclusionary zoning may, in the short term, increase the cost of housing on sites where developers have purchased land prior to the introduction of the requirement for affordable housing. Work commissioned by the Inner Affordable Housing Working Group (Biruu, 2008), however, considered that the expected increase in purchase cost of approximately \$3000 per apartment would not be material in the market as it represents less than 1.1% of the dwelling's value (in the highest scenario) and is likely to be swamped by other unrelated factors such as inflation, land costs, building costs and taxes.</p> <p>Further information on how inclusionary zoning could work, how the affordable housing could be subsidised/ funding, how the affordable housing could be managed and who the affordable housing could help is shown in Figure 5.2 (p60).</p>		
<p>18</p>	<p>Chapter 5, Action 5</p>	<p>Work with the Office of the Victorian Government Architect and other stakeholders to create a ratings tool for new housing development.</p> <p>We will work with the Office of the Victorian Government Architect and other key stakeholders to help develop a ratings tool for new residential development. The tool, similar to a ratings tool commonly seen on new appliances for example, could provide a rating for new residential development based on criteria established from the <i>Victorian Apartment Design Standards</i>.</p>	<p>The action could involve working with a number of departments in the Victorian Government</p>	<p>65</p>
<p>19</p>	<p>Chapter 5, Action 6</p>	<p>Partner Work with the Office of the Victorian Government Architect and other stakeholders on a good design and higher density living paper.</p> <p>The paper could also help assist in the review of urban design policies in the Melbourne Planning Scheme to ensure that high density residential development has a positive impact on the quality of the public realm.</p> <p>We will partner with the Office of the Victorian Government Architect and other stakeholders to develop a paper that considers key issues in regards to density.</p>	<p>The action could involve working with a number of departments in the Victorian Government</p> <p>Action to also consider impact of density on the public realm</p>	<p>65</p>

20	Chapter 5, Action 7	<ul style="list-style-type: none"> Investigate Running an ‘Open House’ or ‘Exposition’ event which enables the community to view good examples of high density housing developments. This could be achieved in partnership with other stakeholders, including the University of Melbourne through the Transforming Housing project, in which the City of Melbourne is a partner. A Housing Expo could provide the opportunity to: <ul style="list-style-type: none"> Develop considered propositions for the future built and urban form of Melbourne. Allow the public to experience what is possible. Inform the public and relevant industries about sustainable urban development and housing. Stimulate participation in informed debate about the future of housing in the city. 	Clarification and reference to City of Melbourne’s working with, and part funding, the University of Melbourne’s Transforming Housing project	66
21	Chapter 5, Action 8	The surveys could be developed in partnership with RMIT University and the City of Melbourne’s involvement with their HOME project which will analyse apartment developments from multiple perspectives.	Clarification and reference to City of Melbourne’s working with RMIT University on Project HOME.	67
22	Chapter 5, Action 11	<i>Homes for People</i> will only make a difference if it is implemented. Monitoring the implementation and progress of the actions will ensure transparency in the delivery of the strategy. An annual report will be produced and presented to the Future Melbourne Committee each year which will report against the progress of the each action and identify priorities for the forthcoming year. in the final strategy and potential key performance indicators (KPIs).		68
23	Chapter 5	<p>Figure 5.13: A provisional programme for the development and delivery of the 12 actions. This will be subject to review each year within the annual report and is dependent on current priorities, funding and the progress of stakeholder partnerships.</p> <p>Figure 5.3 updated to include more information on delivery and timescale of each action</p>	Response to submissions requesting greater information/clarity on the implementation of the actions	70,71

2.2 MINOR AND HOUSEKEEPING CHANGES

	REFERENCE	CHANGE MADE - ORIGINAL TEXT WITH CHANGES SHOWN IN RED	REASON FOR CHANGE	PAGE
1	Front cover	Homes for People Draft Housing Strategy	Housing Strategy has been finalised.	-
2	Front cover	Photograph changed	Distinguish between draft and final versions.	-
3	Header	Draft	Housing Strategy has been finalised.	All
4	Footer	Homes for People - Draft Housing Strategy 2014-2108	Housing Strategy has been finalised.	All
5	p4	<p>Consultation Summary: Homes for People Draft Housing Strategy, City of Melbourne, 2014</p> <p>Consultation responses: Homes for People Draft Housing Strategy, City of Melbourne, 2014</p> <p>These documents can be viewed at melbourne.vic.gov.au/participate housing</p> <p>Issue 10 3 Homes for People Draft Housing Strategy 2014-2018</p> <p>11 June 2014 21 October 2014</p>	<p>Final Housing Strategy was informed by Consultation Summary report and consultation responses.</p> <p>Update.</p>	4
6	p5	Welcome text removed - final Welcome text by Lord Mayor and Councillor Ong to be added following Future Melbourne Committee decision	Housing Strategy has been finalised.	5
7	Strategy Snapshot, Our aspiration	This draft Housing Strategy, <i>Homes for People</i> , a priority action for the City of Melbourne,	Housing Strategy has been finalised.	6
8	Strategy Snapshot, Our Goals	The goals address our housing challenges and have been strongly informed by industry stakeholders and the wider community through engagement on Future Living and the draft Housing Strategy.	Final Housing Strategy was informed by engagement on draft Housing Strategy.	7
9	Chapter 1, Our aspiration	To this end, the preparation of this draft Housing Strategy, <i>Homes for People</i> , is a priority action for the organisation.	Housing Strategy has been finalised.	11
10	Chapter 1, Figure 1.1	Figure 1.1 updated to show Homes for People Draft Housing Strategy Consultation Findings report in the process diagram.	Final Housing Strategy was informed by Consultation Summary report.	12, 13

11	Chapter 2, Apartment living in our growth areas	Homelessness is explored and addressed in the City of Melbourne's homelessness strategy Pathways: City of Melbourne Homelessness Strategy 2014-2017 .	Reference updated Homelessness Strategy.	18
12	Chapter 3	Figure 3.7 Figure 3.8 Figure 3.9 Figure 3.10 Figure 3.11 Figure 3.12 Figure 3.13 Figure 3.14	New Figure 3.7 added, subsequent figures updated.	33-41
13	Chapter 3, Investors have a dominant influence on the (lack of) housing mix and quality	Recent Research from the Property Council (Property Council, 2012) regarding the demand side drivers of apartments concluded that 'the needs of the ultimate occupiers (i.e. renters) are not the primary consideration for developers, purchasers or financiers.	Updated.	32
14	Chapter 5	<p>This chapter describes what the City of Melbourne will do over the next three years through the following 12 specific actions to help achieve our goals. The actions work together as in some instances an action may help to deliver more than one goal.</p> <ol style="list-style-type: none"> 1. Affordable housing on City of Melbourne owned land 2. Development bonuses 3. Inclusionary zoning 4. Victorian Apartment Design Standards (underway) 5. Ratings tool 6. Higher density living paper 7. Good housing campaign 8. Resident surveys 9. Inner city coordination 10. Housing Advisory Committee 11. Annual reporting 12. City of Melbourne Apartment Design Standards (if required) 	Clarification of 12 actions at start of chapter	58

15	Chapter 5	Our submission to the Australian Government's Senate Inquiry into Affordable Housing and appearance as a witness at the committee's public hearing is an example of this advocacy (City of Melbourne, 2014).	Additional information	58
16	Chapter 5, Figure 5.1	Figure 5.12: A provisional programme for the development and delivery of the 12 actions. This will be subject to review each year within the annual report and is dependent on current priorities, annual funding and the progress of stakeholder partnerships.	Clarification.	64
17	Bibliography	NSW Government Planning & Environment, 2014, Apartment Design Guide (Draft).	New reference in final Housing Strategy.	77
18	Bibliography	Gurran, N et al. (2009) Counting the costs: planning requirements, infrastructure contributions, and residential development in Australia. AHURI Final Report No. 140. Melbourne: Australian Housing and Urban Research Institute, UNSW-UWS Research Centre and Sydney Research Centre.	New reference in final Housing Strategy.	76
19	Bibliography	Living Victoria Ministerial Advisory Council. Developer Contributions – Potential Impact on House Prices and Housing Affordability, SGS 2011	New reference in final Housing Strategy.	76
20	Bibliography	Urbis, 2014, Presentation on Victorian Housing Affordability, Roger Gibbins, Property Council Growth Summit, Melbourne.	New reference in final Housing Strategy.	77
21	Bibliography	Productivity Commission 2004, First Home Ownership, Productivity Commission Inquiry Report	New reference in final Housing Strategy.	77
22	Bibliography	Select Senate Committee on Housing Affordability in Australia 2008, A good house is hard to find: Housing affordability in Australia, Report to the Commonwealth Government	New reference in final Housing Strategy.	77

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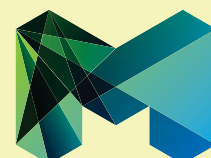
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CONSULTATION RESPONSES

HOMES FOR PEOPLE DRAFT HOUSING STRATEGY

OCTOBER 2014



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Issue 1

21 October 2014

Disclaimer

This report is provided for information and it does not purport to be complete. While care has been taken to ensure the content in the report is accurate, we cannot guarantee it is without flaw of any kind. There may be errors and omissions or it may not be wholly appropriate for your particular purposes. In addition, the publication is a snapshot in time based on historic information which is liable to change. The City of Melbourne accepts no responsibility and disclaims all liability for any error, loss or other consequence which may arise from you relying on any information contained in this report.

Property Council of Australia
(Victoria Division)

Key points

- Developed with input from the Property Council's member base in Victoria.
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- At the highest level, the Property Council supports the aspiration to provide more and better affordable housing in Metropolitan Melbourne, including in the CBD.
-

- The Property Council appreciates the intent of the Strategy, but has grave concerns about certain elements, particularly the direct effect it will have on the development sector.
-

- Concerned that mechanisms such as inclusionary zoning and apartment standards will increase the cost of development and damage Victoria's competitive position.
-

- Looks forward to collaborating with the City of Melbourne in developing any policy changes in partnership with all stakeholders.
-

- Recommends undertaking full and rigorous consultation with industry in the development of any design guidelines.
-

- Recommends engaging with stakeholders and international best practice in the creation of a model for development bonuses.
-

- Recommends engaging with all stakeholders, particularly the development industry, to develop an equitable and sustainable inclusionary zoning framework with a number of conditions.
-

- Recommends creating an Implementation Advisory Committee comprised of representatives from key stakeholder groups, including the development industry.
-

- Supports *Goal 1*, though is concerned that several critical issues have been disregarded or oversimplified, including housing associations' capacity to buy and manage affordable housing stock without increased government funding.
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- Appreciates *Goal 2* but encourages greater consultation to understand its market implications
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- Supports *Goal 3* and welcomes the opportunity to work further with the City of Melbourne.
-

- Seeks greater clarification on the methods of implementation of *Action 1 Affordable housing on City of Melbourne owned land* and *Action 2 Development bonuses*.
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- Does not support *Action 3 Inclusionary zoning* in its proposed format, and instead suggests the initiative be pursued by the Victorian Government. Seeks greater clarification and suggests alternatives also be considered.
-

- Encourages the City of Melbourne to decide 'who should pay' for affordable housing, and whether it is the number or the type of affordable housing units that is most important.
-

- Appreciates *Action 4 Design Standards* but warns the City of Melbourne to consider the impact of NSW SEPP65 mandatory controls on Sydney's housing market.

- Supports *Action 5 Ratings Tool*, but questions its need with consideration to already existing measures.

- Supports *Action 6 Higher density living paper* but believes it should have been considered prior to *Homes for People* and the *OVGA Victorian Apartment Design Standards*.

- Supports *Action 7 Good housing campaign*.

- Supports *Action 8 Resident surveys*.

- Supports *Action 9 Inner city coordination* and emphasises affordable housing and other social infrastructure provision being developed on a state-wide basis.

- Supports *Action 10 Housing Advisory Committee* with meaningful engagement with the development industry.

- Supports *Action 11 Annual Reporting* but requests greater details on potential KPIs.

- Does not support *Action 12 City of Melbourne Design Standards* as greater regulation will inhibit developers capacity to innovate and further damage affordability.

- Ten recommendations are made to summarise the submission.

Comment	Response
<p>1 Introduction letter from Jennifer Cunich - The Property Council welcomes the City of Melbourne taking the proactive step of developing a long-term and aspirational Housing Strategy for its municipality, and consulting with both industry and the public on its contents.</p>	Noted. No change required.
<p>2 While we can appreciate the intent behind the Strategy, we have grave concerns about certain elements of the strategy. In particular, we are concerned by the direct effect it will have on the development sector. This will have flow on effects for the State's economy, and ultimately also for housing affordability.</p>	Noted. See p30 draft Housing Strategy re: Development finance and viability are crucial to deliver new housing.
<p>3 The emphasis on mechanisms such as inclusionary zoning and greater restrictions on apartment design are both likely to lead to significant increases in the cost of developing apartments in Melbourne – in effect undermining the entire purpose of the Homes for People strategy. Additionally, this will detrimentally affect Victoria's competitive position and attractiveness as an investment destination relative to other jurisdictions.</p>	Noted. See p30 draft Housing Strategy re: Development finance and viability are crucial to deliver new housing.
<p>4 The Property Council is committed to achieving a better planning and development framework that manages growth in Melbourne and ensures that housing affordability, choice and diversity are not constrained by short term policy reactions. We look forward to working collaboratively with the City of Melbourne to maintain our city's place as one of the world's most liveable.</p>	Noted. The City of Melbourne is committed to ongoing engagement with all stakeholders.
<p>5 Introduction - At the highest level, the Property Council supports the aspiration to provide more and better affordable housing in Metropolitan Melbourne, including in the CBD.</p>	Noted. No change required.
<p>6 However, any policy changes aimed at achieving this goal must be developed in partnership with industry, and with full understanding of the unique nature of the CBD housing market and the broader context of the metropolitan Melbourne market.</p>	Noted. Further consultation with stakeholders and the community will be undertaken as the proposed actions are developed.
<p>7 We also urge the City of Melbourne to move beyond the idea of dwelling ownership as a universal goal and the only means of fostering a more stable community.</p>	Noted. Rental housing is essential to achieving our aspiration of housing that meets the diverse needs of our residents.
<p>8 The Property Council believes it is imperative that this process continues to include effective consultation with all stakeholders.</p>	Noted. The City of Melbourne is committed to ongoing engagement with all stakeholders.

9 Key Recommendations

1. Undertake full and rigorous consultation with industry in the development of any design guidelines.

Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.

2. Engage with stakeholders and international best practice in the creation of a model for development bonuses.

Noted. Further consultation with stakeholders and the community will be undertaken as the proposed actions are developed.

3. Engage with all stakeholders, particularly the development industry, to develop an equitable and sustainable inclusionary zoning framework that includes: a. Feasibility tests for provision of affordable housing on a site-by-site basis ;b. Concurrent up-zoning of relevant land areas; c. Recognition of and compensation for the differential costs of larger apartments; d. Detailed transition arrangements with a minimum ten year forward implementation schedule; e. 'Buy out' provisions that allow developers to provide financial contributions in lieu of providing affordable housing units. This must be supported by mechanisms to ensure these contributions are appropriately expended on the provision of affordable housing in other areas; f. Incentives for developers who provide affordable housing; and, g. Provisions that allow developers to offset affordable housing obligations to other, more appropriate sites.

Noted. Further consultation with stakeholders and the community will be undertaken as the proposed actions are developed.

Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

4. Create an Implementation Advisory Committee comprised of representatives from key stakeholder groups, including the development industry.

Noted. See Action 10 'Housing Advisory Committee'. No change required.

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| <p>10 Melbourne's Future Growth - Melbourne's housing demands are constantly evolving. Demographic profile changes have resulted in an increased demand for non-traditional housing as the population continues to grow across the city. While Melbourne's growth areas will accommodate a large portion of the increase in population, the established suburbs must also absorb their fair share of demand for new housing. In cities as large as Melbourne, it is vital that the balance between growth and established areas be determined by the State Government. This is important because matters such as the difference in housing needs of the increasing aging population compared to younger or migrant populations cannot be addressed effectively at the municipality level.</p> <p>The latest figures from the Australian Bureau of Statistics (ABS) indicate that even based on medium assumptions of Melbourne's population growth, an additional 40,000 new dwellings per year to 2031 will be required. Over the past decade, average dwelling approvals across Melbourne have been approximately 35,000 per year, with a jump to around 38,000 in the last year as a result of apartment construction cycles.</p> | <p>Noted. Action 9 in the draft Housing Strategy refers to the need for Inner City Coordination at a sub regional level as per Initiative 2.1.3 in Plan Melbourne. Plan Melbourne still refers to the need for local housing planning including the production of municipal housing strategies. No change required.</p> |
| <p>11 Analysis of historic housing supply across Melbourne illustrates that a majority of consumers choose to live in non-apartment housing stock. The HDD series data provided by the Department of Transport, Planning and Local Infrastructure indicates that apartment projects were estimated to account for around 30 per cent of dwelling additions in the 2004 - 10 period.</p> | <p>Noted. No change required.</p> |
| <p>12 Melbourne is a rapidly growing city, yet still a relatively immature apartment market by global standards. As at 2011, apartments only represented 3.6 per cent of all dwelling stock in Melbourne, significantly lower than other comparable cities, including Sydney.</p> | <p>Noted. No change required.</p> |

Responses to Homes for People

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| 13 | <p>Goal 1: Help provide at least 1,721 affordable homes (subsidised) for low and moderate income earners by 2021 - The Property Council supports the City of Melbourne's goal of finding ways to increase the provision of housing that enables a greater socio-demographic cross section of people to live in the city. Given the mix of services and employment we have in the city, having a better representation of the people employed in those jobs or providing those services living in proximity is to be encouraged. Not only are there benefits to the individual in terms of reduced time spent travelling to work, but it also makes better use of infrastructure, increases economic activity in the CBD through retail, entertainment and food spending and has broader environmental benefits.</p> | <hr/> <p>Noted. No change required.</p> |
| 14 | <hr/> <p>However, the Property Council is concerned that dialogue in Homes for People either oversimplifies or disregards a number of critically important issues as part of the discussion around providing affordable housing.</p> | <hr/> <p>Noted. Issue covered in draft Housing Strategy. No change required.</p> |
| 15 | <hr/> <p>The Property Council firmly believes that there is a greater role to be played by housing associations and State and Federal Government in the provision of affordable housing. Page 47 of Homes for People recognises that the achievement of the City of Melbourne's goals greatly depends on:</p> <ul style="list-style-type: none"> - "The skills and capacity of housing associations and other not-for-profit organisations to help deliver and manage the affordable housing; - The Australian Government for continuing to invest in affordable housing; and, - The Victorian Government to support national schemes, ensuring a sufficient supply of social housing and enabling our actions through the Victorian planning system..." <p>However, the proposed solutions of development bonuses and inclusionary zoning appear to forget these points, and leave the private sector facing the majority of the burden of meeting the housing affordability challenge.</p> | <hr/> <p>Noted. P47 also references that the support and expertise of the private sector will be essential in achieving our goal - this is the first point, above the other references as stated. No change required.</p> |

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| 16 | <p>Despite stating on page 20 that "...the Victorian Government is responsible for funding, administering and delivering social housing and homelessness services and providing financial support to renters through private rental assistance...", the proposed use of inclusionary zoning seems to disregard this notion. If 15 per cent affordable housing is to be mandated in "all growth areas (urban renewal areas and the Hoddle Grid)" there must also be a discussion of how this is to be funded and administered - implementation is crucial. It is the Property Council's position that affordable housing provision requires very clear governance structures to fund, regulate and manage it. These must exist before any policies such as inclusionary zoning are brought into effect.</p> | <p>Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.</p> |
| 17 | <p>In countries such as England or the United States, such solutions are able to be used to great effect because there are supporting mechanisms in place in the shape of Government funding for affordable/subsidised housing through housing associations. Therefore, even though inclusionary zoning type obligations are placed on development there is Government funding available, and the housing associations are appropriately skilled and resourced that the private sector can work with them to make it both economically feasible and practically deliverable. Moreover, in some jurisdictions commercial tests are applied to determine the percentage of affordable housing that can be feasibly delivered, rather than simply relying on a uniform mandatory percentage of dwellings per development. Unfortunately, in Australia housing associations are chronically under-resourced and inexperienced, and thus strategies such as <i>Homes for People</i> are largely based on the assumption that the developers/land owners should and will bear the full cost of delivering affordable housing. This is neither equitable nor sustainable.</p> | <p>Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.</p> |

18 Currently housing associations lack the revenues or resources to acquire additional properties without Government funding and support. For the most part, they are seeking to manage more properties (without owning them), to raise additional revenue, and to undertake only refurbishment and/or very small development projects. The Nation Building stimulus was needed to enable housing associations to purchase properties, but the State Government's requirement that the Associations had to borrow 25 per cent of the purchase price means that many are in the position where their balance sheets are so leveraged that they are unable to borrow additional funds, and will in fact likely need to sell down some stock to repay debts. Consequently, without further Government support, housing associations are unlikely to have the financial capacity or skills required to play the crucial role they must in order to achieve the goals of Homes for People.

Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

19 The Property Council continues to urge both the City of Melbourne, and the Victorian Government to draw from international best practice to design a scheme or mechanism to increase the provision of affordable housing in an appropriate way, without adversely affecting the development market. This must also include provisions for a transition period to provide clarity and certainty to developers and investors who may already have purchased sites and commenced the planning process.

Noted. A detailed implementation schedule will be included in the final Housing Strategy. An adequate transition period will allow for the development industry to adapt to new policies.

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 Any goal of increasing housing affordability must take into consideration the costs of developing apartments, and find ways to reduce these where possible. However, in addition to proposing extensive design guidelines, the City of Melbourne is progressing two planning scheme amendments that require increases in developer contributions for new infrastructure and public realm works. Homes for People rightly states that “as developer contributions add to the cost of development they add to the problem of housing affordability” (p30). This is particularly true of open space requirements, which the City of Melbourne has consistently sought to increase. The Property Council has repeatedly argued that under the present system, there is no guarantee that the development contributions will provide equitable and proximate amenity to the development providing the contribution. Thus far, the City of Melbourne has failed to provide sufficient detail of how and where the revenues collected from development and open space contributions are being expended. If housing affordability is to be achieved in any meaningful way, the City of Melbourne must review the cost burden it already places on development.
- Noted. Quote taken out of context. Refer to p30 of draft Housing Strategy “It has been argued that as developer contributions add to the cost of development they add to the problem of housing affordability. They are, however, crucial to help retain the liveability of the city and build successful and sustainable neighbourhoods. New housing development will also benefit from the uplift in value of a site if open space and community facilities are nearby.” P52 of the draft Housing Strategy also references the need to ensure that the goals and actions do not add undue barriers to the delivery of new housing and the importance of development being economically viable.
- 21

 Goal 2: Improve the design quality and environmental performance of new apartments - The Property Council appreciates the City of Melbourne’s desire to improve the design quality and environmental performance of apartments, and we remain committed to working with the City of Melbourne and the Victorian Government to achieve this. However, any policy changes in this area must be considered in the broader planning context, including recent changes to residential zoning and the Government’s commitment to the delivery of Plan Melbourne. There must also be meaningful and extensive consultation with industry and the public, to ensure that there is a solid evidence base for the formulation of policy and an understanding of its implications for the market.
- Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne ‘Improve the quality and amenity of residential apartments’.

- 22** Homes for People makes reference to the design guidelines for apartments that are currently under development by the Office of the Victorian Government Architect. The Property Council has had limited involvement in the development of these guidelines, and we would urge the City of Melbourne to be very cautious about mandating design requirements for apartments without undertaking an analysis of the commercial implications. For example, changes to the minimum sizes of apartments will translate to a direct cost to purchasers, and in due course renters, at a rate of approximately \$9,000 per square metre increase. Thus, ill-considered design guidelines are directly counter to the objectives of much of the Homes for People strategy and will significantly undermine housing affordability.
- 23** In Homes for People, the City of Melbourne recognises that high land values and construction costs are impacting affordability, housing mix, and design quality, however it seeks to add further costs and additional red tape by increasing design compliance costs for developers through 'municipality specific' design standards, in addition to those being developed by the OVGA.
- 24** The Property Council is also highly concerned to note included on page 29 of Homes for People, the following statement: "... many of the apartment developments include a significant amount of car parking and 'luxury' items such as second bathrooms, gyms and swimming pools." The 'luxury' items referred to provide a high degree of amenity to residents of the buildings. Those same residents are willing to pay a premium for that amenity, not simply at the time of purchase, but on an ongoing basis through increased body corporate fees. This is recognised by proponents of 'good design' such as the OVGA, which has stated approximately 15 per cent of a site should be dedicated to the provision of amenity. We would question how such requirements can be met if 'luxury' items are to be avoided. There also appears to be an unjustified assumption that these types of facilities are provided in each development – this is by no means the case. Arguing that such items should not be included on the basis that it would be a way to make apartments more affordable is simplistic and completely ignores the economic principles underpinning the development market.
- Noted. The Victorian Design Standards have been developed by the OVGA with consideration to development feasibility. Further consultation will occur on the standards before they are finalised. Research from the NSW Property Council in 2011 suggested that the apartment standards in SEPP65/Residential Flat Design Code only had a marginal impact on affordability.
- Noted. City of Melbourne Apartment Design Standards only to be implemented to compliment the Victorian Apartment Design Standards if the standards do not adequately respond to the specific challenges of high density housing in the central city.
- Noted. Amenity requirements can be met in many different ways. Some households are not able to pay a 'premium' for such amenity, which could be seen as worsening the affordability (and environmental performance) of development. For example, an apartment with one bathroom and no access to a swimming pool within the development is likely to be more affordable (both the upfront cost and ongoing costs) than the same apartment but with two bathrooms and with access to a swimming pool.
- Actions 5 - Ratings Tool, 6 - Higher density living paper, 7 - Good housing campaign and 8 - Residents surveys are targeted at fostering awareness and knowledge amongst investors, renters, owner-occupiers and the real estate and development industries to better understand the trade-offs residents are willing to make. This knowledge will assist the development industry in providing the more varied housing product required to meet the diverse needs of our residents.

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| <p>25 Goal 3: Foster a high level of awareness and knowledge around good housing outcomes -
The Property Council supports initiatives that educate the community about housing choice, particularly apartment living, and would welcome any opportunity to work with the City of Melbourne on this initiative.</p> | <p>Noted. Further consultation with stakeholders and the community will be undertaken as the proposed actions are developed.</p> |
| <p>26 Although not fully articulated, the development of a campaign to raise awareness of good housing would be welcomed by the development industry. There are many examples of high quality design and development that should be celebrated, and the stories of those residents told.</p> | <p>Noted. No change required.</p> |
| <p>27 Action 1: Affordable housing on City of Melbourne owned land - The Property Council recognises that the City of Melbourne is committed to this principle; however there is insufficient detail in Homes for People to provide certainty to industry about how this will be implemented. If, for example, the City of Melbourne owned site is brought to market and sold to a private developer, will the delivery of affordable housing be achieved through a caveat on the sale? Further, will these requirements be above and beyond the proposed inclusionary zoning requirement? By which mechanism will this process be managed? While admirable as a statement, the Property Council recommends further work be done to clearly outline the practical steps by which this will occur.</p> | <p>Noted. Greater clarity will be provided for Action 1 on the 'Boyd High School style' model in the final Housing Strategy. The final Housing Strategy is necessarily high level and sets out a range of actions for the future. As each action is developed, further details, analysis and information will be provided as they are progressed. This will be achieved through further consultation with stakeholders.</p> |
| <p>28 Action 2: Development bonuses - The Property Council supports the principle of development bonuses; however it is crucial that there is a genuine recognition by the City of Melbourne of the commercial impact of the provision of affordable housing on a development. It is also vital that developers' flexibility and Council's discretion on matters such as height are not compromised in the pursuit of greater affordable housing.</p> | <p>Noted. The implementation of bonuses to incentivise affordable housing will be developed with stakeholder input to ensure economic viability is maintained.</p> |

29 The Property Council is concerned that should a mandatory development bonus mechanism be pursued, there will be less flexibility or discretion for increases to building height or plot ratio based on considerations such as design excellence, which is an important part of the present planning approvals process where discretionary controls exist. This is because future discussions about increased height will likely focus solely on the provision of affordable housing to justify an increase in height, rather than any other matters.

Whilst there is a need for a threshold from which development bonuses can be established, it must not come at the expense of the discretion and flexibility that already exists as part of the planning process. We note with some concern that these types of measures are being proposed as a means of addressing 'unrealistic landowner expectations'. Developers of residential apartments generally undertake rigorous due diligence processes to evaluate the development potential of sites, and base any expectations they have on the legislative and planning framework in which they operate - one which the City of Melbourne has significant control over.

30 Furthermore, we are concerned that the use of further development controls such as height, density or plot ratios are the only mechanisms being considered as 'bonuses' for the provision of affordable housing. We would strongly urge the City of Melbourne to consider reductions in development contributions or streamlined planning processes - both of which represent significant costs to developers - as part of a suite of incentives available to offset the costs of providing affordable housing.

Noted. Further information and guidance as to how density bonuses could work have been provided in the final Housing Strategy. Furthermore, as Action 2 Development Bonuses is developed, further details, analysis and information will be produced to explore how density bonuses could work in the municipality. As explained on p55 of the draft Housing Strategy, however, sufficient development controls (such as height, density or plot ratio) is likely to be required from which to provide any sort of 'bonus'.

Noted. It is considered that the City of Melbourne currently run an efficient and timely process for considering planning permit applications within the required timescales. No change required.

- 31 As it currently stands, there are insufficient details regarding the operation of a development bonus mechanism. In particular, there must be clarity as to whether it will be mandatory, or whether developers will have the opportunity to negotiate outcomes with the City of Melbourne, given the specific circumstances of their project. In some instances it may not be feasible to include affordable housing in a development. In such circumstances, there should be potential for a development bonus system to still apply, but with discretion that allows the developer to provide 'payment in lieu', similar to open space contributions in order to be eligible for the bonus. This measure should only be considered in tandem with the development of appropriate structures to ensure the funds are efficiently applied to the provision of affordable housing, rather than becoming another revenue source for Council. The UK model of development bonuses uses a feasibility model to test and determine the most appropriate level of affordable housing provision, rather than relying solely on mandatory controls such as height. We would urge the City of Melbourne to consider a similar mechanism as part of a suite of options.
- Noted. P55 of the draft Housing Strategy refers to the need for specific development bonuses to be negotiated with developers on a site by site basis. Further information and guidance as to how density bonuses could work have been provided in the final Housing Strategy. Furthermore, as Action 2 Development Bonuses is developed, further details, analysis and information will be produced to explore how density bonuses could work in the municipality.
- 32 **Action 3: Inclusionary zoning** - The Property Council does not support the introduction of inclusionary zoning in the format proposed in Homes for People. Any policy change in this area represents a fundamental change to the existing planning system in Victoria, and any measures enacted by the City of Melbourne will have flow on, 'precedent' effects for municipalities across Melbourne. It is an initiative that should be pursued by the State Government, rather than by individual local governments, in order to provide a uniform, integrated and well considered state-wide approach to the issue, similar to what has recently occurred with reform to development contributions. The applications of such requirements in an individual municipality such as the City of Melbourne, may well act as a deterrent to higher density residential development in the very municipality where planning policy seeks to encourage such development.
- Noted. The draft Housing Strategy does not propose specific details of the form of inclusionary zoning, rather it proposes the concept of inclusionary zoning, the details of which will be developed as Action 3 progresses. As stated on p17 of the draft Housing Strategy, Plan Melbourne states that the Victorian Government should work with local governments on mechanisms to facilitate greater diversity of housing within new developments including family-friendly housing, affordable and social housing and housing for key workers.

- 33** In *Homes for People*, the City of Melbourne recognises that a developer needs to make a 15 - 25 per cent profit, and that higher density projects require higher margins as recognition of their inherently higher risk. However, we are of the view that there has not been adequate justification provided for the 15 per cent affordable housing target, how it has been derived or how it equates to the figure of 1,721 affordable homes to be delivered by 2021. Nor is there adequate explanation of how project viability will be maintained if project profits are to be diverted to the provision of affordable housing. There are a number of alternatives to inclusionary zoning that can, if appropriately applied, deliver real affordable housing without compromising the commerciality of projects.
- Noted. P46 of the draft Housing Strategy states that the target in our goal is based on 15 per cent of new dwellings estimated to be built between 2016 and 2021 which do not currently have a planning permit or are not yet at an advanced stage of the development process. A target of 15 per cent is comparable with other Australian state capitals. P26 of the draft Housing Strategy explains the need for affordable housing in the municipality. 15 per cent affordable housing is therefore justified in balancing the need to help provide affordable housing for some of these households while ensuring a good mix of housing and that development remains feasible.
- In addition, relevant studies have suggested that, ideally, permanently affordable rental housing should comprise between 10% and 15% of the total stock across a broad community geography, if that region is to satisfy the requirements of an inclusive, dynamic and sustainable community. This percentage relates to estimates of the sector of the community that is unlikely to access reasonable accommodation even under the assumption of a highly efficient housing market. (See SGS Economics & Planning Pty Ltd (2009) *A vision and plan for social housing in Australia*, report commissioned by PowerHousing Australia).
- 34** It should also be noted that any inclusionary zoning measures must be enshrined concurrently with the up-zoning of the relevant areas to ensure that the land value increases reflect the requirement for affordable housing. This was done with some success in East Perth (WA) and Green Square (NSW).
- Noted. While rezoning is the optimum time to implement inclusionary zoning, it could still be implemented to gain a proportion of value capture of increased land values which still occur through the provision of greater planning certainty and/or the delivery of community infrastructure.
- 35** By contrast, the City of Melbourne is currently proposing to deploy inclusionary zoning after the up-zoning, although in *Homes for People* it has recognised that this will drive up the cost of housing. In essence, inclusionary zoning is a new tax on development. This will particularly affect developers/land owners who have already purchased the land, and is a fundamental flaw in the City of Melbourne's policy construction. It demonstrates a lack of understanding of the economic impacts of such policy and its implementation, and will have significant detrimental effects on both developers and future purchasers.
- Noted. P46 of draft Housing Strategy states that inclusionary zoning will apply to developments which do not currently have a planning permit or are at an advanced stage of the development process. P56 refers to the need for sufficient notice of inclusionary zoning and states that with sufficient notice, a developer purchasing land can factor into the land price the affordable housing requirement. P56 also states the need to consider the viability of development the need to encourage rather than prevent development.

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| <p>36 Additionally, the Property Council suggests that feasibility tests similar to those used in the UK be applied to sites to determine the most appropriate level of affordable housing provision, rather than a blanket 15 per cent mandatory quota.</p> | <hr/> <p>Noted. P53 of the draft Housing Strategy refers to the tests used in the UK and the open book approach. P56 also states the need to consider the viability of development the need to encourage rather than prevent development and that the maximum reasonable amount of affordable housing should be sought.</p> |
| <p>37 As part of this, there must be recognition of the economic cost of providing apartments of greater than two bedrooms, with recognition of this cost reflected in the calculation of affordable housing provision requirements – that is to say, the cost of delivering a three bedroom apartment is greater than that of a one bedroom apartment, and the credit applied to each should be reflective of this.</p> | <hr/> <p>Noted. The draft Housing Strategy does not propose any specific mix of housing. No change required.</p> |
| <p>38 Furthermore, there is a marked absence of transition arrangements for a move to inclusionary zoning. The Property Council suggests that a minimum ten year transition period is required for the market to adjust to such change, and to ensure that the new requirements can be appropriately factored into future developments. There must also be an understanding that such measures cannot be retrospectively applied to projects for which sites have already been purchased on the basis that no such requirement exists. Any attempt to do so is not only inequitable, but it would send a negative message to the market and reduce Melbourne’s attractiveness as an investment destination.</p> | <hr/> <p>Noted. The draft Housing Strategy refers to the need for sufficient notice of inclusionary zoning. No justification has been provided for ten years, which is considered too long and will further exacerbate the lack of affordable housing for low and moderate income earners. There are no proposals to apply inclusionary zoning retrospectively.</p> |

39 It is highly concerning that the cost of implementation, where the requirement for inclusionary zoning has not been factored into the development, is considered to be 'not material' according to a study by Biruu completed in 2008 and referenced in *Homes for People*. That same study stated the costs of bearing a substantial affordable housing component in a development is significant – approximately \$3,000 per apartment. The Property Council has little faith in the credibility of this figure. Nevertheless, despite the fact that these figures are over six years old, even \$3,000 per apartment represents a sufficient additional cost that must be taken into consideration if the goal of a strategy is to increase the supply of affordable housing. If a \$3,000 stamp duty cut is called a major improvement in housing affordability, then a \$3,000 increase in housing costs must be a major decline. This notion goes to the heart of the discussion about housing affordability – is the goal of *Homes for People* to increase housing affordability for all, or to simply require a portion of the market – purchasers of new apartments in selected developments – to subsidise housing for another group?

40 (continued) Fundamental to this discussion is the question of 'who should pay' and the degree to which proposed requirements would impose a cost on one section of the industry and market. The City of Melbourne must decide whether it is the number or the type of affordable housing units is most important.

Noted. The Biruu report stated that the cost of approximately \$3000 per apartment would not be material to those that can afford market housing and is likely to be swamped by other unrelated costs such as inflation and taxes. This figure will be subject to review in the development of Action 3.

Furthermore, evidence suggests that with sufficient land supply, a substitutable product and sufficient notice of inclusionary zoning, the affordable housing requirement will influence the residual land value rather than be passed on to the market housing.

Noted. Refer to Goal 1 to help provide more affordable housing (subsidised) for low to moderate income households.

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| 41 | <p>Consideration should be given to whether it would be more appropriate to allow a developer to 'buy out' the inclusionary zoning obligations, with such contributions being appropriately collected and expended on new affordable housing projects and/or mixed tenure projects. Alternatively, the City of Melbourne could consider providing faster planning approval for those developments that will include their inclusionary zoning obligations, rather than offset them. Provided the time savings, and associated cost savings are real, this could incentivise those types of developments that are more suited to mixed tenure. Finally, we recommend consideration of a model whereby developers could be given the option to meet their inclusionary zoning obligations on another, more appropriate site. Contrary to what some commentators espouse, if correctly managed, this will not lead to the creation of 'ghettos' but rather will deliver truly affordable housing on a more sustainable basis. An example is The Nicholson in East Coburg where social housing, subsidised market rental and private owners are all in the same building.</p> | <p>Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy but the specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.</p> <p>It is considered that the process of determining planning permit applications at the City of Melbourne occurs as quickly as possible within the regulatory timescales considering the complexity of applications.</p> |
| 42 | <p>From the Property Council's perspective, it is clear that the need for a financially secure and appropriately skilled housing association sector is crucial to achieving the goal of increasing housing affordability in Melbourne. There must be frameworks in place that extend well beyond simply reducing the sale price of a select number of apartments in a development.</p> | <p>Noted. The draft Housing Strategy references the important role of Housing Associations/Community Housing providers. The draft Housing Strategy is supported by the Community Housing Federation of Victoria who consider that the industry is well placed to own/manage more affordable housing.</p> |
| 43 | <p>In our view, government or housing association ownership of affordable housing stock is the only way to ensure that such stock remains 'affordable' if and when it is re-sold, and that it cannot be used for individual profit. The concept of affordable housing is an admirable one to pursue, however it is fundamentally at odds with the operation of a free and open market.</p> | <p>Noted. P46 of the draft Housing Strategy states that the affordable housing should be managed by a registered housing association. P52 refers to the need for government intervention to secure affordable housing and that doing nothing is not an option.</p> |

44 Action 4: Victorian Apartment Design Standards (underway) - The Property Council is aware that the Office of the Victorian Government Architect is in the process of developing design guidelines for apartments in Victoria. Whilst a formal draft has yet to be released for consultation, we remain highly concerned by the potential for any such standards to restrict developers' flexibility and to add further costs to the delivery of apartments. Any such controls must be pared back to address only the necessary key issues without any duplication or contradiction with existing Building Code of Australia requirements.

Noted. The Apartment Design Standards are designed to compliment the BCA. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.

45 The Property Council appreciates the City of Melbourne's goal to improve the design and quality of apartments in the city; however we remain firmly of the view that overly onerous mandatory standards are not the most appropriate mechanism, particularly not in the already constrained CBD environment. If implemented, mandatory design requirements, however well intentioned, will add to the cost of delivering an apartment in Melbourne - in direct conflict with the stated objective of Homes for People of increasing housing affordability.

Noted. Design Standards have been developed by the OVGA with consideration to development feasibility. Further consultation will occur on the standards before they are finalised.

Research from the NSW Property Council in 2011 suggested that the apartment standards in SEPP65/Residential Flat Design Code only had a marginal impact on affordability.

P50 of the draft Housing Strategy states that housing affordability and design quality are interdependent and are both required for the long term sustainability and liveability of Melbourne. The VCAT decision for 58-66 La Trobe Street stated that using affordability as an argument does not justify reducing amenity to a bare minimum.

46 The work of the OVGA appears to be largely based on the NSW SEPP65 planning instrument and its related Residential Flat Design Code (RFDC). It is worth noting that at the time SEPP65 was introduced, the planning system in Sydney was significantly less robust than that which exists in Melbourne today. The original intent of SEPP65 was to improve apartment design and amenity however it has come under constant and almost universal criticism in NSW as it hinders innovative building practices and makes apartments significantly more expensive.

Noted. It is widely acknowledged that the quality and amenity of apartments in NSW has noticeably improved since the introduction of SEPP 65 and the Residential Flat Design Code (RFDC) in 2002, providing high quality living environments and housing choice for NSW residents. The Council of Australian Governments Reform Council has recognised SEPP 65 as a best practice approach to apartment design. (Overview - Proposed amendments to SEPP 65 and the Residential Flat Design Code - September 2014, NSW Government Planning & Environment)

Overall the review has found that SEPP 65 and the RFDC are achieving positive housing outcomes in NSW, and are widely supported by the different stakeholder groups who use them for designing apartment buildings. Consultation is currently taking place on a revised SEPP65 and Apartment Design Guide (to replace the RFDC). The proposed changes aim to ensure that design quality is maintained while promoting housing delivery in NSW.

47 In reality, SEPP65 has become an onerous policy that is not up to date with emerging and cutting edge building practices, and is overly complicated in its application through design controls. It is interesting to note that Homes for People selectively quotes the Property Council's NSW Division as recognising that SEPP65 and the RFDC have led to improvements in apartment design and amenity. While in some instances this may have been the case, the remainder of the quoted Property Council document highlighted a number of fundamental structural and operational failings of SEPP65 and the RFDC. In particular, it demonstrate that in many ways SEPP65 sets a list of mutually exclusive requirements, without allowing developers any flexibility to make trade-offs that ultimately improve amenity for apartment residents.

Noted. See above.

48 This absence of flexibility in its application is the Property Council's key concern with SEPP65, and we remain opposed to the implementation of a similarly flawed set of standards in Victoria. The City of Melbourne and the OVGA must consider the commercial implications of the requirements they seek to impose on development. For example, any increase to the minimum size of apartments will add approximately \$9,000 per square metre to the cost of development - a cost that will be passed on to the purchasers, and in turn the renters of apartments. In this context, the pursuit of housing affordability becomes almost futile.

49 Additionally, any implementation of minimum standards for apartment design must be done with an appreciation of the costs and requirements already placed on residential development, including development contributions and open space contributions. As with inclusionary zoning provisions, there must be very clear and appropriate timeframes for transition to any new, more restrictive framework in which design standards are implemented. This will be crucial to ensure that projects which are already underway or sites which have been transacted on the basis of the current requirements are not adversely impacted. The NSW market experienced an almost instant, significant downturn with the overnight introduction of SEPP65, and a similar outcome must be avoided in Victoria.

50 **Action 5: Ratings tool** - The Property Council believes that there are already a number of tools in the market that could be used to measure that which this initiative seeks to address. We would therefore question the need for an additional layer and/or process.

51 **Action 6: Higher density living paper** - The Property Council supports the principle of this Action, however this form of discussion paper, and more importantly the feedback it would elicit from stakeholders, should have been used to inform the development of both Homes for People, and any design guidelines the OVGA are developing.

Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.

Development feasibility and housing affordability are factors that have been considered during the review of SEPP65. Economic advice confirmed that the marginal cost impacts of the current Residential Flat Design Code vary significantly depending on a range of factors associated with an individual development including location, land cost, site constraints and design characteristics of the building.

Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised.

To date, no causal evidence has been found between the introduction of SEPP65 and the Residential Flat Design Code and a significant downturn in the NSW housing market.

Noted. Many tools do currently exist for rating a building's sustainability features. However, Action 5 is aimed at a more holistic rating of a residential development similar to Building for Life 12 in the UK.

Noted. This action relates to the need to consider the broader opportunities and challenges relating to higher density development, both internally with regard to amenity and externally with regard to the impact on the street, neighbourhood and city. More information will be provided in the final Housing Strategy.

52 Action 7: Good housing campaign - As stated previously, the Property Council firmly supports balanced education and awareness raising campaigns that dispel the myths that persist about apartment living. We would welcome the opportunity to work with the City of Melbourne and the Victorian Government in ensuring that consumers have access to objective information that allows them to make informed choices.

Noted. Further consultation with stakeholders and the community will be undertaken as the proposed actions are developed.

53 As discussed earlier in this submission, until the price differential between detached house and land packages or existing dwellings and apartments reduces significantly, the apartment market in Melbourne will remain dominated by investors. Prices will reflect this, thus a key driver in making apartments more affordable must be a shift in the market demand for them.

Noted. No change required.

54 Action 8: Resident surveys - Again, the Property Council is supportive of increasing awareness of what apartment living actually means. Too often the public is made aware of only the worst case scenarios - it is rare to see a story or article that accurately reflects the positive experiences many apartment dwellers have, let alone a full exposition of the drivers behind consumers' choice to live in an inner city apartment.

Noted. Further consultation with stakeholders and the community will be undertaken as the proposed actions are developed.

The Property Council would again be willing to work with the City of Melbourne, to provide a balanced and objective perspective to the public debate about apartment design and 'liveability'. We strongly urge the City of Melbourne to ensure that any surveys are neutral in their language, but contain clear measures of the relative importance of factors that represent the trade-offs apartment dwellers make when choosing to live in the city rather than in another dwelling type or location. Information gathered through such surveys should be used to inform updates to the Homes for People strategy, as well as any associated policies.

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| 55 | Action 9: Inner city coordination - The role of State and Federal Governments in the ongoing provision of affordable housing is multi-faceted and cannot be ignored. Greater funding is required to increase the supply of Government owned or managed housing, as well as significantly more funding for independent housing associations. Similarly, planning provisions and controls that facilitate delivery of more affordable housing should be developed on a state-wide basis, rather than being left to individual Councils which causes inequitable outcomes and can potentially skew the market. | Noted. Action 9 in the draft Housing Strategy refers to the need for Inner City Coordination at a sub regional level as per Initiative 2.1.3 in Plan Melbourne. Plan Melbourne still refers to the need for local housing planning including the production of municipal housing strategies. No change required. |
| 56 | The issues of social infrastructure provision is also one which must be addressed at a higher than municipal level. The provision of schools or childcare centres falls within the remit of the state government, and yet an absence of these facilities has been quoted as being a barrier to more families moving to the CBD. | Noted. See above response(s). |
| 57 | Action 10: Housing Advisory Committee - The Property Council would support this initiative on the proviso that there is meaningful engagement with the development industry. As those ultimately responsible for delivering housing, and for bearing the costs of policy changes, the sector must be directly involved. Closer links with industry would also provide the City of Melbourne with greater and more accurate evidence about all elements of the housing market - from the cost of developing apartments, to mechanisms for the delivery of affordable housing that have been successfully implemented in other jurisdictions. | Noted. The City of Melbourne is committed to ongoing engagement with all stakeholders. |
| 58 | Action 11: Annual reporting - In principle the Property Council would support this initiative; however there is a distinct lack of detail about what potential KPIs and performance measures would be used as the basis for reporting. The Property Council recommends these be developed in tandem with Homes for People, and in consultation with all stakeholders. | Noted. Action 11 Annual Reporting will track the specific progress of each of the 12 actions according to the implementation plan provided in the final Housing Strategy in an annual report to the Future Melbourne Committee. The need for further measurables and KPIs will be considered through ongoing engagement with stakeholders in the Housing Advisory Committee. |
| 59 | Action 12: City of Melbourne Design Standards (if required) - The Property Council does not support the creation of an additional layer of planning or design requirements for the development of apartments in Melbourne. | Noted. City of Melbourne Apartment Design Standards only to be implemented to compliment the Victorian Apartment Design Standards if the standards do not adequately respond to the specific challenges of high density housing in the central city. |

60 In the event that state-wide design guidelines are implemented, the creation of a similar set of requirements by the City of Melbourne would represent a duplication of effort and simply create additional red tape, in turn hindering development processes and increasing costs.

Noted. See above response(s).

61 Overly prescriptive design standards will restrict not only development opportunities in Melbourne, but will also remove the ability of developers to innovate in ways that achieve a better outcome in terms of amenity than would be possible if all the standards were adhered to.

Noted. It is not the intention of any standards to remove the ability of developers to innovate. Standards can be introduced which still allow for, and promote, innovation. The draft NSW Apartment Design Guide, for example, includes sufficient flexibility and outcome based criteria to encourage innovation and new technologies.

62 Any guidelines for the design of apartments must allow for flexibility in their application, and we urge the City of Melbourne to use caution when considering mandatory controls. As discussed earlier in this submission, requirements that limit a developer's flexibility in the design of apartments will increase the cost of development, which will be passed on to the buyer (and subsequently the tenant) - directly counter to the aim of increasing housing affordability.

Noted. See above response(s).

63 **RECOMMENDATIONS**

1. Draw from international best practice to ensure appropriate governance structures are in place to fund, regulate and manage affordable housing prior to any introduction of inclusionary zoning policies.

Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

2. Partner with stakeholders to lobby State and Federal Governments for long-term sustainable funding for housing associations.

Noted. The City of Melbourne is committed to ongoing engagement with all stakeholders.

3. Undertake full and rigorous consultation with industry in the development of any design guidelines.

Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised.

4. Work with all stakeholders, including the development industry to raise awareness and knowledge around good housing outcomes.

Noted. Further consultation with stakeholders and the community will be undertaken as the proposed actions are developed.

5. Provide full and clear details on the practical steps that will be taken to deliver affordable housing on City of Melbourne owned land.

Noted. Greater clarity will be provided on the 'Boyd High School style' model for Action 1 in the final Housing Strategy.

6. Engage with stakeholders and international best practice in the creation of a model for development bonuses. This must include feasibility models to test and determine the most appropriate levels of affordable housing provision on a site-by-site basis.

Noted. The implementation of bonuses to incentivise affordable housing will be developed with stakeholder input to ensure economic viability is maintained.

7. Engage with all stakeholders, particularly the development industry, to develop an equitable and sustainable inclusionary zoning framework that includes:

Noted. Ongoing stakeholder engagement and development feasibility tests will be undertaken in the development of Action 3 inclusionary zoning.

a. Feasibility tests for provision of affordable housing on a site-by-site basis;

Noted. See above response(s).

b. Concurrent up-zoning of relevant land areas;

Noted. See above response(s).

c. Recognition of and compensation for the differential costs of larger apartments;

Noted. See above response(s).

d. Detailed transition arrangements with a minimum ten year forward implementation schedule;

Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

No justification has been provided for a ten year schedule, which is considered too long and will further exacerbate the lack of affordable housing for low and moderate income earners.

e. 'Buy out' provisions that allow developers to provide financial contributions in lieu of providing affordable housing units. This must be supported by mechanisms to ensure these contributions are appropriately expended on the provision of affordable housing in other areas;

Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

f. Incentives for developers who provide affordable housing; and,

Noted. See above response(s).

g. Provisions that allow developers to offset affordable housing obligations to other, more appropriate sites.

Noted. See above response(s).

8. Create an Implementation Advisory Committee comprised of representatives from key stakeholder groups, including the development industry.

Noted. See Action 10 'Housing Advisory Committee'. No change required.

9. Publish full and clearly detailed KPIs and performance measures against which the implementation of Homes for People will be assessed on an annual basis.

Noted. Action 11 Annual Reporting will track the specific progress of each of the 12 actions according to the implementation plan provided in the final Housing Strategy in an annual report to the Future Melbourne Committee. The need for further measurables and KPIs will be considered through ongoing engagement with stakeholders in the Housing Advisory Committee.

10. Ensure resident surveys accurately capture the value proposition of apartments and trade-offs consumers are willing to make.

Noted. No change required.

64 CONCLUSION - The Property Council remains supportive of the City of Melbourne's aspirations to achieve greater housing affordability in its municipality.

Noted. No change required.

65 However, while we can appreciate the intent behind the Homes for People strategy, we have grave concerns about its emphasis on mechanisms such as inclusionary zoning and greater restrictions on apartment design. Both are likely to lead to significant increases in the cost of developing apartments in Melbourne - in effect undermining the entire purpose of the strategy.

Noted. See above response(s).

66 Melbourne's CBD provides a level of amenity and opportunity that is unique and not replicated among comparable cities around the world, and arguably not in Australia's other major capitals either.

Noted. No change required.

67 The development sector is subjected to significant criticism for the type of apartments and developments it produces, and for sacrificing affordability for consumers in the pursuit of profits. This sort of discussion is unhelpful, and fails to recognise or understand the commercial and planning realities of the environment in which developers operate. Already stringent requirements around design, ever-increasing costs due to government charges such as developer and open space contributions, and a market at present driven by investors all contribute to the complexity of the challenge of providing affordable housing.

Noted. See above response(s).

68 In this submission we have sought to highlight what we consider are the key issues and unintended consequences of the policy measures proposed in Homes for People. We have also outlined a number of alternative policy approaches that could be used by the City of Melbourne to achieve its objectives, without fundamentally compromising the ability of the development sector to operate sustainably.

Noted.

69 We strongly urge the City of Melbourne to continue to engage meaningfully with all stakeholders, particularly the development industry, as the process of reviewing, implementing and updating Homes for People continues. It is vital that the commercial and financial implications of policy are fully understood and taken into consideration before any changes are made to the planning policy framework in Melbourne.

Noted.

Housing Industry Association

Key points

- HIA emphasises the importance of all levels of governments involvement in housing policy in balance with market forces.

- HIA notes that the proposal for minimum apartment sizes is not retained in the draft strategy.

- HIA opposes mandatory affordable housing requirements on council owned sites, in growth areas and the Hoddle Grid, and outlines various concerns including impacts on wider housing affordability.

- HIA indicates that central city conditions of high land prices will always lead to affordability challenges.

- HIA points out concerns of introducing local policies duplicating the responsibilities of the ABCB through the BCA and the State Government.

- Council's best course of action is to provide an enabling planning and taxation environment for new housing.

Comment

Response

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| 1 | <p>HIA's comments in this paper are in response to the City of Melbourne's 'Homes for People' Discussion Paper. They follow a submission made in 2013 in response to Council's "Future Living" discussion paper.</p> | <p>Noted.</p> |
| 2 | <p>In HIA's initial response to the discussion paper in August 2013, it was emphasised that all levels of government, not just local government, should be looking at the roles they need to be playing to address the shortage of housing stock in our cities. It is a balance of policies and market forces that is required to ensure that different types of housing stock can be developed to meet the needs of a growing population. For real outcomes in housing affordability, a combination of land supply, taxation and planning reform is vital as each of these affects the final cost and outcomes for housing.</p> | <p>Noted. See p. 20 of the draft Housing Strategy regarding the role of different levels of government and other sectors in delivering housing.</p> |

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- 3 HIA also provided comment on the City of Melbourne's proposals for mandatory building heights, minimum apartment sizes, inclusionary zoning proposals, universal housing requirements in planning schemes and proposed building standards over and above the National Construction Code.

It appears that only some of these concepts are still being considered for implementation as part of the final Housing Strategy. The proposal for minimum apartment sizes for example has not been retained; rather the strategy provides guidance on what the City of Melbourne considers constitutes a well-designed apartment and recommended design for achieving good livability. It also provides recommendations around the development of guidelines to assist with design.

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- 4 HIA has concerns about the proposals in the Strategy for mandatory affordable housing components - proposed on council owned sites and in growth areas and the Hoddle Grid. These requirements have not been explored in terms of the cost to the developer and ultimately the consumer. There is some detail provided on proposed implementation, but more work in this area would be required.

Noted. Future Living was a discussion paper identifying issues and potential options to improve housing outcomes; it did not propose mandatory building heights, minimum apartment sizes etc. Future Living, and the community engagement findings on Future Living, helped inform the draft Housing Strategy Homes for People.

Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

5 HIA opposes the use of mandatory affordable housing requirements for many reasons, outlined in this and the previous response, because they do not provide an overall solution to housing affordability issues. Dwellings that are not sold as affordable housing must be sold at higher rates to cover costs and there is the possibility that the affordable housing component is on sold at market rates or higher.

The market effectively determines the style of apartments so mandating particular requirements such as minimum apartment sizes and affordable housing quotas will have an effect on the final price of the end product. Rather than increasing the affordability of dwellings, it could in fact have the opposite effect. The emphasis needs to be on innovative design being utilised to assist with the provision and utilisation of smaller living spaces with affordability in mind.

6 Given that mandatory housing quotas or inclusionary zoning policies would have a direct impact on the cost of housing development in the CBD (and elsewhere), the City of Melbourne should be undertaking a rigorous and independent assessment of the cost of this proposal in line with Treasury Guidelines for Best Practice Regulation, prior to any such measures being considered.

7 In a central city environment there are always going to be challenges to providing homes that meet the needs of the broader demographic. High land prices and low availability of land stock always means that affordability challenges will be exacerbated in a central city environment when compared to other areas of Melbourne or Victoria. Although the Strategy states that land supply will be assisted with the release of land in Fisherman's Bend for housing, it is the value of that land based upon its proximity to the CBD which will see it highly valued.

Noted. No one method alone can solve housing affordability issues. See details of Goal 1 on p. 46 of draft Housing Strategy. Public and private sectors will need to work together to achieve this goal. Inclusionary zoning is one action that local government can implement to help provide more affordable housing for low to moderate income earners.

Evidence suggests that in good market conditions with good levels of supply and product substitutability, and sufficient notice, inclusionary zoning will impact land prices rather than cost of marking housing.

The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and 12. No change required.

Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.

Noted. Ongoing stakeholder engagement and development feasibility tests will be undertaken in the development of Action 3 inclusionary zoning.

Noted. P11 of the draft Housing Strategy states our established aspiration for an inner and central city where housing is affordable, well-designed and meets the diverse needs of our residents. P15 states that considering the predicted growth, our aspiration is not only a basic requirement to be welcoming and accessible for people from all walks of life but is also an essential component in creating successful neighbourhoods, servicing a growing economy and leaving a positive lasting legacy which successfully balances the social, environmental and economic needs in one of the world's most liveable cities.

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| <p>8</p> <hr/> <p>Housing affordability and diversity is a very complex issue. There are many factors that affect the delivery of housing and the cost at which it can be built. Governments need to ensure that there is a balance between encouraging and enabling policies combined with market forces to ensure different types of housing stock can be developed to meet the needs of a growing population or changing demographic.</p> <p>Many of these factors are outside of the jurisdiction of local government and include taxes, fees and charges on housing including stamp duty rates and land tax. Others are within the jurisdiction of Council including rates, charges and development contributions.</p> | <hr/> <p>Noted. See p. 20 of the draft Housing Strategy regarding the role of different levels of government and other sectors in delivering housing.</p> |
| <p>9</p> <hr/> <p>Finally as indicated in HIA's initial response to the "Future Living" paper, moves by local government to introduce policies or planning permit requirements that duplicate or conflict with the role of the building regulatory system are opposed. Building fabric matters such as lighting, energy efficiency and building accessibility/adaptability are the responsibilities of the ABCB through the BCA and the State Government through building regulatory frameworks.</p> | <hr/> <p>Noted. The development of all actions will be coordinated with the other municipalities of the Central Subregion, the MPA and the DTPLI.</p> <p>Noted. The Apartment Design Standards are designed to compliment the BCA, similar to how SEPP65 and the Residential Flat Design Code do in NSW.</p> |
| <p>10</p> <hr/> <p>Council's best course of action is to provide an enabling planning and taxation environment (including around development contributions) for new housing. This ensures the market is well placed to deliver a wide range of housing that is demand driven by those who chose to reside in the City of Melbourne, both now and into the future.</p> | <hr/> <p>Noted. See p. 31 draft Housing Strategy - City of Melbourne has comparatively low development contribution requirements to other Australian Capital Cities as well as streamlined planning processes. As such, it is unlikely that reductions in developer contributions as they currently stand would provide enough of an incentive for development to provide affordable housing. Developer contributions are important to help build successful neighbourhoods, while new housing development can also benefit from the uplift in value of a site which has benefited from improved infrastructure.</p> |
| <p>11</p> <hr/> <p>HIA has provided further comment on the City of Melbourne's housing goals and implementation plans in this response.</p> | <hr/> <p>Noted.</p> |

2. Victorian Government Context

12 Whilst the paper states that the Housing Strategy is generally in keeping with the Victorian State Government aims as identified through Plan Melbourne and the revision of the State Planning Policy Framework underway, the effect of current City of Melbourne reform on open space contributions does not appear to be adequately factored in to the paper. The outcome of this planning scheme amendment (c209) will affect housing affordability and this needs to be considered as part of any Strategy.

Noted. See pages 30-31 of the draft Housing Strategy. Figure 3.7 refers to developer contributions, including the public open space contribution. Developer contributions are low in Melbourne compared to other Australian cities and can provide benefit to housing developments from the uplift in land value. With sufficient notice, developer contributions can be factored in to the land price rather than impact housing affordability.

13 Also the broader guidelines for Fisherman's Bend may affect the Strategy and this will need to be considered.

Noted. It is considered that the broader guidelines do not adversely impact the Housing Strategy and greater emphasis is required to ensure affordable housing is delivered in Fishermans Bend.

14 Finally the City of Melbourne is also finalising its new residential zones and it is unclear as to whether the outcome of this process will affect the Housing Strategy.

Noted. The draft Housing Strategy focuses on apartment development in our growth areas (Capital City Zone or Mixed Use Zone). P18 of the draft Housing Strategy states that the Housing Strategy does not cover the implementation of the new residential zones.

3. Housing Challenges - What is happening now?

15 In refining and re-presenting its proposals around housing, the City of Melbourne has provided a snapshot of the current housing scenario within the municipality. HIA's comments are provided on these below.

Noted.

Government has an important role in influencing housing outcomes

16 All levels of government have a role to play in addressing housing affordability. The main areas of influence include government policies and the taxation treatment of housing (state stamp duties and other taxes - including development contributions) council rates and lengthy planning delays which contribute to large land holding costs. Many of these cannot be addressed at a local government level.

Noted. See p. 20 of the draft Housing Strategy regarding the role of different levels of government and other sectors in delivering housing.

17 Council's best course of action is to provide an enabling planning and taxation environment for housing. This ensures the market is well placed to deliver a wide range of housing that is demand driven by those who chose to reside in the City of Melbourne, both now and into the future. An efficiently functioning planning system is essential in minimising land holding costs and will also assist the affordability of housing.

Noted. See above response(s).

Affordability means different things to different people

18 There are various ways of looking at and measuring housing affordability. In HIA's view housing affordability broadly relates housing costs to household income.

Noted. See glossary p. 65 "Housing affordability is a measure of whether housing available on the main housing market may be afforded by certain groups of households."

19 For renters, housing affordability indicates comparing the ratio of regular rent payments to household income. In the case of home owners, affordability represents the proportion of household income absorbed by mortgage repayments. However, in light of Australians preference for home ownership much of the commentary about 'housing affordability' is aligned more closely to concepts of accessibility to home purchase than to recurrent or regular costs of housing as a proportion of household income.

Noted. See glossary p. 65 "Housing stress - when housing is considered unaffordable as rent or mortgage payments exceed 30 per cent of the gross household income for low and moderate income households.

20 Measuring the ease of access to home purchase can be calculated in a range of ways. Sometimes accessibility to home purchase is measured according to the deposit gap, which is the difference between the price of a typical house and the maximum amount of loan that can be repaid by a household on average weekly earnings or average household income.

Noted.

21 Another way of looking at accessibility would be to compare actual incomes against the income required to repay a home loan on an average house and land package with a given level of deposit. Regardless of which approach is employed to measure accessibility, all rely on a combination of house prices, interest rates and incomes and loan valuation ratios (LVRs)

Noted.

22 The HIA-Commonwealth Bank Affordability Index describes the relationship between household income and mortgage servicing costs based on prevailing home prices and mortgage interest rates. An increase in the index means that the burden of mortgage repayments has fallen and vice versa.

Noted.

23 There is a difference between housing affordability and the provision of affordable housing and this is not well understood. HIA views "affordable housing" as being in the domain of governments or social housing provision.

Noted. P24 of the draft Housing Strategy clearly defines housing affordability and affordable housing and the differences between the two.

There is a need for more affordable (subsidised) housing in the municipality

- 24 The availability of housing options in the City of Melbourne is insufficient to meet the needs of low income earners. In 2012, only 6 per cent of available housing in the municipality was affordable to the lowest 25 per cent of earners; of this only 1 per cent was provided in the private open market. (Page 26 Housing Strategy)

An analysis of demand is required to accommodate this assertion as in a central city with very high land costs the private market will always struggle with the provision of housing to meet all sectors of society. What is more important is that the supply of new housing needs to be responsive to household dynamics and changes in housing demand.

- 25 Improving housing supply requires comprehensive reform to reduce the disproportionate tax burden on new housing, addressing inefficiencies within the tax system more broadly, speeding up the release of land for residential development in all areas - infill and greenfield. It also involves improving the rezoning and approvals processes. Without these reforms the challenge of overcoming housing shortages, and the subsequent avoidable pressure on home prices, private rental prices, and demand for social, community and public housing, will only intensify.

- 26 Mandatory inclusionary zoning requirements are counterproductive to dealing with housing affordability issues. Inclusionary zoning pushes up prices for the part of the development which is not included or sold as "affordable housing". The remaining apartments need to be sold at a higher price to subsidise the cost of those that are being sold at a lower price, adding to price pressures. For the same reasons, affordable housing quotas are generally ineffective and only result in further increases in housing cost and should not be relied on to improve the supply of affordable housing. In addition unscrupulous operators may be able to purchase "affordable" apartments and on sell them above market prices, therefore profiting due to the lack of management structures that exist for these types of housing solutions.

Noted. Goal 1 is intended to help overcome the difficulties the private market faces in meeting the housing demand for low to moderate income households.

Goal 3 is aimed at better equipping the industry in responding to changes in housing demand.

Noted. See p28 of the Draft Housing Strategy which explains that land supply is not a problem.

Noted. See p. 56 "With sufficient notice of the introduction of inclusionary zoning, a developer purchasing the land can factor into the land price the affordable housing requirement, similar to the way this happens for other associated costs."

Noted. The draft Housing Strategy references the important role of Housing Associations/Community Housing providers. The draft Housing Strategy is supported by the Community Housing Federation of Victoria who consider that the industry is well placed to own/manage more affordable housing.

27 The strategy also states that in 2011, approximately half of our renters (around 13,000 households) were paying greater than 30 per cent of their gross household income on housing costs and are considered to be in 'housing stress'.

It is essential to recognise that an alternative amenity that is created within high density metropolitan city settings has an inherent value and benefit that many people seek to experience. A correlation with other expenses should be undertaken - whilst an occupant may pay a higher rental cost to live in the city there may be other offsets such as no requirement to own a vehicle and lower transport costs to work. This is often a choice made by the occupant.

28 In relation to the statement on Page 26 that living in the outer suburbs, remote from jobs, dependent on public transport investment and vulnerable to petrol price increases should not be the only option for low income earners. The only way to guarantee sufficient, secure and affordable housing for low to middle income earners, therefore, is through the provision of subsidised housing.

This is not a justification for the need to introduce housing quotas. Council must recognise the need for an appropriate management structure to be in place for subsidised housing. There are a range of housing options widely available for consideration across the metropolitan areas and there will always be a sector of the housing industry that caters for each segment of the market as it is largely a demand driven industry. The "outer suburbs" are not the only option.

The number of vacant apartments is increasing without a drop in rental prices

29 In June 2014, the vacancy rate for the City of Melbourne as a whole was 2.7 per cent which represented a decline since December 2013 when the vacancy rate was 3.4 per cent. Lower vacancy rates tend to put pressure on rental prices in the market, due to the tighter supply conditions.

Noted. All individual housing choices are driven by personal trade-offs. However, even discounting half of the aforementioned 13,000 households as being in housing stress 'by choice', there will still be 25 per cent of our renters in genuine housing stress. Coupled with the 19 per cent shortfall of housing affordable to the lowest income quartile, (see figure 3.5, p. 26) we have a significant affordability issue regardless of the financial offsets provided by the amenity of inner city living.

P25 of the draft Housing Strategy assesses weekly housing costs and expenses for a median household income in the City of Melbourne.

Noted. P26 of the draft Housing Strategy states the need for affordable housing, including the lack of affordable housing for some groups within a 56 minute commute to the central city. Affordable housing is required to ensure low and moderate income earners can live in the central city.

Noted. Final Housing Strategy will provide updated figures for vacancy rates.

Tax structures favour home owners and property investors

- | | | |
|-----------|--|---|
| 30 | Taxation policy has an important role in determining levels of supply and demand in the rental market. The arrangement whereby investors can deduct mortgage interest and other expenses from taxable income effectively acts as a discounted borrowing rate for the acquisition of rental properties. This is an important driver to ensure that rental properties continue to be available. | <hr/> Noted. No change required. <hr/> |
| 31 | The strong linkage between interest rate changes and rental inflation means that the deductibility of rental expenses (including negative gearing) results in rents being lower than what they would be in its absence. It also may mean that more properties are available for renting. | <hr/> Noted. No change required. <hr/> |
| 32 | Any restrictions on the taxation regime relating to rental properties are therefore likely to force rental costs to increase, significantly reducing affordability in the rental sector. | <hr/> Noted. No change required. <hr/> |
| 33 | The Paper does not fully justified how tax structures favour home owners and it is unclear what policy view Council is seeking to promote in regard to existing home owners. | <hr/> Noted. P27. refers to the Grattan Institute's research in Renovating Housing Policy (2013) and the tax advantages available to homeowners and property investors. This is included due to its fundamental influence on property prices, but as a Federal Government responsibility is not an area that Homes for People recommends action on. <hr/> |
| 34 | In 2011 HIA commissioned an independent report into the taxation of the housing industry, with a particular focus on new housing. The report, entitled Taxation of the Housing Sector, was prepared by the Centre for International Economics (CIE). CIE collated information on all the taxes that eventually contribute to the final price of a new home, with figures then verified with a large number of residential building businesses. A computable general equilibrium model was then used to analyse the overall tax burden by industry sector and to also examine a number of tax scenarios.
The results provided compelling evidence that not only new residential homes but the whole residential building sector is very heavily taxed. The sector is close to the most highly taxed of any industry sector in Australia. | <hr/> Noted. Federal and State taxation falls outside the scope of this strategy. The City of Melbourne's existing and proposed levies and contributions are comparatively low to other capital cities as indicated by HIA in the submission. <hr/> |

35 The report provides compelling evidence that, on virtually any basis of measurement, and in both absolute and relative terms, the taxation burden borne by Australia’s residential building sector is excessive. It is not only the Commonwealth Government that extracts large amounts of taxation from housing and the residential building sector. State and local governments also rely heavily on taxes and charges on residential properties for their revenue.

The taxes analysed include (among others) the stamp duties levied at different points in the housing supply chain; a raft of levies and compulsory fees; the excessive portion of a range of fees, charges and levies; as well as the generic taxes levied across all sectors such as income taxes, fuel taxes, payroll taxes, and import duties. GST and the final stamp duty payment cascade on top of these already high taxes, escalating them further.

Noted. See above response(s).

36 The study found that on virtually any basis of measurement, the taxation burden borne by Australia’s residential building sector appears disproportionately large. New housing accounts for around 1.2 per cent of value added into the economy but contributes 2.8 per cent of government taxation revenues. When all taxes are included, the taxation on a new house in Sydney was an estimated 44 per cent (\$268 000) of the purchase price. For Melbourne the figure is 38 per cent (\$184,000) and for Brisbane 36 per cent (\$191,000).

Noted. See above response(s).

Our problem is not land supply

37 A healthy land supply to house growing populations across Melbourne, including inside the city of Melbourne will always assist with providing better housing affordability. It is a simple supply and demand argument. A shortage of land will always reap higher prices for that which is remaining.

The paper states that the City of Melbourne has adequate land to house the anticipated 45,000 new homes required to 2031 largely due to the opening up of strategic redevelopment sites such as Fisherman’s Bend.

A plentiful land supply will always assist with meeting housing demand and is a key factor in achieving housing affordability. If Council is of the view that land supply is not an issue in the municipality then it should be looking to other triggers within its control to improve the situation. It is alluded to in the point below that it is the high value of the land, not the supply, which is the issue.

Noted. Land supply is currently sufficient to meet the demand for new housing at appropriate densities. As no perceptible reduction in land value or housing affordability has occurred, the City of Melbourne is considering other methods to improve affordable housing as suggested by HIA in point 54.

High value land and construction costs are impacting affordability, housing mix and design quality

38 Whilst industry builds a product that complies with relevant planning and building regulation, it must also take into consideration the needs and preferences of the market and ultimately build it at a cost that the market will bear for that particular product.

Noted. Issue covered in draft Housing Strategy. No change required.

39 Market forces will dictate the types of apartments that will be built and the end product provided will be one that the market will bear. It is simply a matter of economics that building a three bedroom apartment will not simply generate demand for this type of apartment.

Noted. Issue covered in draft Housing Strategy. No change required.

40 In the multi-unit sector, there are generally some builder-developers who redevelop sites for the sale of units to both owner-occupiers and investors. Large commercial construction companies are generally engaged to undertake the construction of high-density projects. But the cost structure for building apartments is influenced by a number of factors including:

- land costs,
- higher construction costs than on the ground housing,
- planning delays,
- development taxes and charges,
- unionised labour wages,
- stringent safety requirement,
- excavation and mechanical factors (lifts)

All of these factors are contributing to the final price of an apartment.

Noted. Issues covered in draft Housing Strategy. No change required.

41 Innovative low cost designs are always encouraged and promoted by the housing industry. It is important that Council recognises that innovative low cost design solutions are unlikely to be solutions that can be quantified and codified. They will not be delivered through mandatory maximum unit sizes or other controls. These options are disincentives to innovation and only create further 'red tape' in an already complex design process.

Noted. It is not the intention of any standards to remove the ability of developers to innovate. Standards can be introduced which still allow for, and promote, innovation. The draft NSW Apartment Design Guide, for example, includes sufficient flexibility and outcome based criteria to encourage innovation and new technologies.

Development finance and viability are crucial to deliver new housing

42 The availability of finance will always affect the development of new housing. The availability of finance is somewhat constrained and is a key factor to developers actually taking the risk to move forward with a proposal.

Noted. Issue covered in draft Housing Strategy. No change required.

43 Adding to the difficulties is that multi-unit development projects are much more capital intensive than single dwelling construction, which increases the sensitivity of higher-density development projects to planning requirements and delays as well as changes in the cost and availability of working capital.

Noted. Issue covered in draft Housing Strategy. No change required.

44 In many capital cities an apartment developer would have to allow for a planning approval period of at least two and a half years. Inordinate delays in the planning approval process require developers to form expectations about the likely level of sales revenue several years out. Most multi-unit developers attempt to mitigate the risk of unexpected market shifts through sales off-the-plan.

Noted. Issue covered in draft Housing Strategy. No change required.

45 The City of Melbourne can only go some way towards reducing these costs by ensuring that the planning process functions efficiently within the municipality and that any delays are reduced at the Council's end.

Noted. It is considered that the City of Melbourne currently run an efficient and timely process for considering planning permit applications within the required timescales. No change required.

46 Also the Council must be mindful that any levy on development has an effect on housing affordability - therefore the current proposal - planning scheme amendment C 209 which seeks to increase private open space requirements will have an effect on the viability of a building affecting both the yield and the end price.

Noted. See above response(s).

The proposed amendment raises implications for achieving urban consolidation and reducing the housing affordability problem in inner Melbourne. HIA is concerned that excessive open space contribution rates will see an increase in overall land development costs and discourage the more intensive redevelopment of existing urban areas. This may result in inconsistencies with State and Local Planning Policy for urban consolidation and the provision of affordable housing stock in these areas.

Investors have a dominant influence on the (lack of) of housing mix and quality

47 As mentioned in HIA’s previous submission to the “Future Living” discussion paper, statements as per above imply that developers, designers and builders only care about designing for the investor market rather than the owner occupier who it is assumed will have a higher expectations of amenity. These statements are unfounded. Builders build to a regulation and to meet market demand not to personal choice. If the developer does not meet the market expectation the project will not sell. If the dominant market is investors then this may influence outcomes. However, the current market still retains a proportion of owner occupiers who will equally influence expectation.

Noted. Future Living contained information and evidence that many apartments are being designed for investors rather than for the people who will live in the apartments.

Buying a home in the inner city is outside the reach of many households

48 The reality of building in a CBD environment where the land component is so expensive does means that for many a property to meet their need in this area might be beyond the reach of many households. It is not appropriate to take a position that all homes should be able to purchase or rent houses in all locations. The premise should be that housing supply in all locations should offer a mix of size and tenure.

Noted. Goal 1 aims to make the inner city accessible to as many households as possible.

High levels of housing supply isn’t delivering a good housing mix and social diversity in the community.

Quality amenity and performance are decreasing while density is increasing

49 The paper does not mandate minimum apartment sizes as the “Future Living” paper did. But the Strategy does outline the City of Melbourne’s concerns that average apartment sizes are smaller than other major cities listed and are being built to a higher density than is necessary to accommodate population growth in the city.

Noted. Future Living did not propose mandating minimum apartment sizes.

P36 of the draft Housing Strategy highlights the importance of apartment size. Apartment sizes will be considered through Actions 4 and 12 on improved standards.

HIA opposes any mandatory standards, particularly building height limits and minimum floor areas for apartments. These measures ignore the reality of the marketplace and housing affordability. Therefore it is important that minimum floor areas are not mandated as part of any planning scheme.

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| <p>50 The market effectively determines the style of apartments therefore it is also not helpful in increasing housing diversity to mandate a minimum apartment size. It could in fact have the opposite effect.</p> | <p>Noted. P36 of the draft Housing Strategy highlights the importance of well designed two bedroom apartments for families or shared households which could improve diversity. No change required.</p> |
| <p>51 The National Construction Code already has minimum room dimensions, along with minimum inclusions which apply to residential apartment buildings, which has been agreed as achieving the necessary level of health and amenity for occupants.</p> | <p>Noted. Future Living highlighted that the National Construction Code is not resulting in good quality well-designed apartments and that additional planning policies and guidance could improve the quality of apartments, similar to that in NSW.</p> |
| <p>52 The paper concludes its comments on this topic by stating on page 34 that both in the demand from investors for smaller apartments, the lack of planning policy guiding internal amenity along with few enforceable density or height controls means that the apartment market in the municipality is in danger of leaving a lasting legacy of poor quality housing. p34</p> | |
| <p>53 The concentration of highest density housing is almost certainly going to be located in the CBD given the limitation on land. It is impractical to assert that the industry can provide all amenity benefits in these areas that might be possible in other locations. This includes the design measures in the paper including unobstructed northerly orientation and window design providing for natural light and cross ventilation together with generous spaces and minimum apartment sizes in a CBD environment.</p> | <p>Noted. Acceptable levels of amenity still need to be achieved in high density housing in the central city. P38 of the draft Housing Strategy highlights that problems with noise, daylight, privacy and overlooking all become more acute as densities increase and that high density development requires strong guidance and more careful design.</p> |
| <p>54 It is essential to recognise that an alternative amenity that is created within high density metropolitan city settings has an inherent value and benefit that many people seek to experience. Apartments need to be fit for purpose, and the demand for affordable rental properties for international students has been just one key driver, along with lending conditions, for smaller apartment sizes. Creating a diversity of housing stock could be substantially improved by other measures such as streamlining the planning process, rather than creating additional layers of regulation and matters for consideration.</p> | <p>Noted. See above and P50 of the draft Housing Strategy which highlights that the panel on a VCAT decision for 58-66 La Trobe Street did not accept that a trade-off for the availability of attributes of the cultural city is an apartment with poor levels of amenity and specifically stated that using affordability as an argument does not justify reducing amenity to a bare minimum.</p> |

55 The reality is that if the design process is overloaded with constraints and requirements there is a distinct possibility that a building will not proceed at all. This is because the cost of producing the building may be too high for what the market will bear for that product. Also the reality is that what Council might deem as desirable - family accommodation consisting apartments that are 3 bedrooms will generally not be able to be delivered as the market will not bear the high cost of the floor space required - particularly in a central city location. It is not possible to build a product when a loss is to be incurred by the developer.

Noted. The draft Housing Strategy does not propose any specific mix of housing. No change required.

The majority of high-rise housing in our municipality delivers poor environmental performance.

56 This appears to be a generalised statement without taking into account the innovation in the marketplace, regulations in place (e.g. 6 star since 2010 and 5 star prior to this) or providing any particular evidence to substantiate this.

Noted. P40 of the draft Housing Strategy refers to the Zero Net Emissions by 2020 (update 2014) and NSW Department of Infrastructure, Planning and Natural Resources as evidence sources.

57 As indicated in HIA's initial response to the "Future Living" paper, moves by local government to introduce policies or planning permit requirements that duplicate or conflict with the role of the building regulatory system are opposed. Building fabric matters such as lighting, energy efficiency and building accessibility/adaptability are the responsibilities of the ABCB through the National Construction Code and State Governments through building regulatory frameworks.

Noted. The Apartment Design Standards are designed to compliment the BCA, similar to how SEPP65 and the Residential Flat Design Code do in NSW.

4. HIA Response to City of Melbourne Housing Goals and Proposed Actions

Goal 1 Help provide at least 1721 affordable homes (subsidised) for low and moderate income earners by 2021

- 58 Of greatest concern with this goal is the implementation proposal within this goal to require 15% affordable housing through inclusionary zoning in the planning scheme. The Strategy states that the target in our goal is based on 15 per cent of new dwellings estimated to be built between 2016 and 2021 which do not currently have a planning permit or are at an advanced stage of the development process.

Also that a target of 15 per cent is comparable with other Australian state capitals. It is the same as that required by the City of Sydney in Sustainable Sydney 2030, by Economic Development Queensland on large residential redevelopment sites (enforced through mandatory planning provisions) and that of the South Australian Government on urban renewal sites in Adelaide. P 46 Housing Strategy. The paper suggests that housing stock is to be managed by housing associations and is to be “tenure blind” fitting seamlessly into developments.

Affordable housing mixes cannot be manufactured by governments and planning policies. The preferential treatment of ‘affordable’ housing’ within the planning system or through other statutory requirements is an inequitable and inefficient way to try and increase affordable housing stock.

- 59 HIA’s view is that improved housing affordability will require much broader based action from all levels of government. This includes creating and implementing better planning systems and processes, ensuring adequate land supplies to meet demand and an examination and reform of the taxation treatment of housing. Examination of, and changes to the current heavy reliance on development contributions by authorities for infrastructure is a vital part of this. These are ultimately passed on to home buyers through higher prices.
- 60 HIA strongly opposes the proposal for inclusionary zoning.

Noted. No one method alone can solve housing affordability issues. See details of Goal 1 on p. 46 of draft Housing Strategy. Public and private sectors will need to work together to achieve this goal. Inclusionary zoning is one action that local government can implement to help provide more affordable housing for low to moderate income earners.

Noted. See above response(s).

Noted. No change required.

61 Inclusionary zoning policies and affordable housing quotas cause serious concern to an already over-taxed and over-regulated housing industry. The housing quota concept is flawed and inequitable as:

- A unit which is sold as an “affordable unit” still costs the same to build but must be marketed and sold for less.
- Costs incurred by developments in subsidising the affordable unit must invariably be borne by the new home-buying public, who will pay more for the other units which are not marketed and sold as “affordable housing”.
- It is possible that affordable housing units can be bought for a lower price and subsequently sold for market value, and therefore yielding a greater profit to the purchaser.

Inclusionary zoning requirements are therefore counterproductive to dealing with housing affordability issues are generally ineffective. They only result in further increases in housing cost. They are not a solution to the affordable housing problem.

62 Housing is largely a private sector activity and, as such, is driven by market forces. Many developments and builders already contribute towards providing affordable housing, based on their price positioning at the lower end of the market. If social housing is required then it is the responsibility of governments to provide this option funded from general revenue.

63 Further, the implementation of affordable housing quotas do not address the underlying root causes of the affordability problem. They provide only ad-hoc relief to what is a much larger community issue that requires a whole of community solution.

64 The City of Melbourne is in the process of introducing higher development contributions around open space requirements for new developments and it is not clear how that process will influence this one underway. The Fisherman’s Bend Design Guidelines need to also be factored in.

Noted. P46 of draft Housing Strategy states that inclusionary zoning will apply to developments which do not currently have a planning permit or are not yet at an advanced stage of the development process. P56 refers to the need for sufficient notice of inclusionary zoning and states that with sufficient notice, a developer purchasing land can factor into the land price the affordable housing requirement. P56 also states the need to consider the viability of development and the need to encourage rather than prevent development.

Affordable housing will be acquired by a registered housing association and remain in perpetuity for affordable housing.

Further information on inclusionary zoning will be included in the final Housing Strategy.

Noted. No one method alone can solve housing affordability issues. See details of Goal 1 on p. 46 of draft Housing Strategy. Public and private sectors will need to work together to achieve this goal. Inclusionary zoning is one action that local government can implement to help provide more affordable housing for low to moderate income earners.

Earlier comments suggested that the HIA views “affordable housing” as being in the domain of governments or social housing provision rather than provided by many developments and builders.

Noted. See above response(s).

Noted. See above response(s).

65 With the City of Melbourne also mid-way through its residential zone allocation, it is unclear whether the housing projections based in the paper have been done with the old or new zones in mind. The point being that processes currently underway within the City of Melbourne need to be taken into consideration as part of this Housing Strategy process.

Noted. The draft Housing Strategy focuses on apartment development in our growth areas (Capital City Zone or Mixed Use Zone). P18 of the draft Housing Strategy states that the Housing Strategy does not cover the implementation of the new residential zones.

66 Housing affordability goals should not be confused with social housing or subsidised rental schemes for low income earners.

Noted. P24 of the draft Housing Strategy provides a very clear definition of housing affordability and affordable housing for the purpose of the Housing Strategy.

67 Social housing is the responsibility of Government and should be adequately funded using general rates and revenue, not by placing the burden solely on new home owners.

Noted. P18 of the draft Housing Strategy explains the responsibility of the Victorian Government in delivering social housing.

68 Further more detailed comment on affordable housing quotas is provided under "Goal 1 Action 3" below.

Noted.

Goal 1 - Action 1 - Affordable housing on City of Melbourne owned land

69 Consider a "Boyd High School Style" model for delivery of affordable housing on Council owned sites that are redeveloped for housing in the future. Refer to comments for Goal 1. Also in relation to the affordable housing component envisaged on Council owned sites (20% in the case mentioned above) being redeveloped - this has not been justified by any detailed consultation or cost benefit analysis. It is unclear how the detail of this arrangement would work.

Noted. See above.

Greater clarity will be provided on the 'Boyd High School style' model in the final Housing Strategy.

Housing quotas imposed on new development are a tax on new housing as costs incurred by developments in subsidising a particular form of housing must invariably be borne by the new home-buyers who are not purchasing the affordable housing component. This is inequitable and unfair.

70 State and local governments are increasingly looking towards affordable housing quotas to solve their own inability to meet community demand for publicly provided and supported housing as well as to increase the supply of affordable housing.

Noted. See above response(s).

71 Housing is largely a private sector activity and, as such, is driven by market forces. Many developments and builders already contribute towards providing affordable housing, based on their price positioning at the lower end of the market. If social housing is required then it is the responsibility of governments to provide such infrastructure from general revenue.

Noted. See above response(s).

72 Further more detailed comments are provided under Goal 1, Action 3.

Action 2 - Development bonuses

73 Development bonuses alone do not solve the housing affordability problem. There are many market and structural factors that affect the cost of housing. A more holistic approach should be considered to look at the structural, governance and taxation policy matters that add unnecessarily to the cost of housing. The overall cost of providing housing is the issue requiring consideration.

Noted. No one method alone can solve housing affordability issues. See details of Goal 1 on p. 46 of draft Housing Strategy. Public and private sectors will need to work together to achieve this goal. Development bonuses are one action that local government can implement to help provide more affordable housing for low to moderate income earners. The action for density bonuses responds to industry consultation and the preference to incentivise affordable housing where possible.

It is preferable however, that any affordable housing requirement are implemented on an incentive basis as opposed to a mandatory basis.

Action 3 Inclusionary zoning

74 HIA strongly opposes the proposal for inclusionary zoning.

Noted.

75 Inclusionary zoning policies and affordable housing quotas cause serious concern to an already over-taxed and over-regulated housing industry. The housing quota concept is flawed and inequitable as:

Noted. See above response(s).

- A unit which is sold as an “affordable unit” still costs the same to build but must be marketed and sold for less.

- Costs incurred by developments in subsidising the affordable unit must invariably be borne by the new home-buying public, who will pay more for the other units which are not marketed and sold as “affordable housing”.

- It is possible that affordable housing units can be bought for a lower price and subsequently sold for market value, and therefore yielding a greater profit to the purchaser.

Inclusionary zoning requirements are therefore counterproductive to dealing with housing affordability issues are generally ineffective. They only result in further increases in housing cost. They are not a solution to the affordable housing problem.

76 Housing is largely a private sector activity and, as such, is driven by market forces. Many developments and builders already contribute towards providing affordable housing, based on their price positioning at the lower end of the market. If social housing is required then it is the responsibility of governments to provide this option funded from general revenue.

Noted. See above response(s).

77 This proposal is without foundation as it has not been adequately costed to show the likely impact of the measure.

Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

Action 4 - Victorian Apartment Design Standards (underway)

78 HIA has not yet been consulted in relation to Victorian, or City of Melbourne specific apartment design standards. HIA would seek to be involved in the process to provide industry recommendations and feedback.

Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.

Goal 2 Improve the design quality and environmental performance of new apartments

79 Updating and reviewing apartment building guidelines should include a public consultation process and uphold the delineation between the roles of planning and building regulation.

Noted. See above response(s).

80 In order to maximise development opportunities in designated precincts the Government should not create design guidelines that reduce flexibility in the design of apartment buildings. Developers and builders call for planning rules to be flexible and outcomes or performance based rather than prescriptive standards such as minimum floor areas or mandated environmental initiatives.

Noted. See above response(s).

81 Moves by local government to introduce policies or planning permit requirements that duplicate or conflict with the role of the building regulatory system are opposed by HIA. Building fabric matters such as lighting, energy efficiency and building accessibility/adaptability are the responsibilities of the Australian Building Codes Board through the National Construction Code, and the building regulatory frameworks. The National Construction Code already has minimum room dimensions, along with minimum inclusions which apply to residential apartment buildings, and have been agreed as providing the necessary level of health and amenity for occupants over many years.

Noted. The Apartment Design Standards are designed to compliment the BCA, similar to how SEPP65 and the Residential Flat Design Code do in NSW.

82 HIA has not yet been consulted on the Apartment Design Guidelines that are currently under development through the Office of the Victorian Government Architect. HIA will provide feedback at the next stage of that consultation process.

Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.

Action 5 - Ratings Tools

- 83 There are many environmental benefits that can be achieved through greater incentives for existing and new home owners to deliver energy and water efficiencies. Government rebates and awareness campaigns – including programs such as HIA GreenSmart - work to inform industry and consumers of the opportunities for improved environmental performance in both new and existing housing and are an essential element of achieving tangible outcomes. Importantly a program like HIA's GreenSmart program has a range of elements that can be tailored to meet the individual needs of a home buyer.

There are many house ratings tools that are available for use (NatHers, NABERS, ActHers, Basix, First Rate, BERS, Steps) and it is unclear why the City of Melbourne is considering another. Further requirements will confuse industry and the community and possibly add to the cost of housing.

Noted. Many tools do currently exist for rating a building's sustainability features. However, Action 5 is aimed at a more holistic rating of a residential development similar to Building for Life 12 in the UK.

Action 6 - High Density Living Paper

- 84 It is unclear what the aim of this project would be. Further detail is required.

Noted. This action relates to the need to consider the broader opportunities and challenges relating to higher density development, both internally with regard to amenity and externally with regard to the impact on the street, neighbourhood and city. More information will be provided in the final Housing Strategy.

Action 7 - Good Housing Campaign

- 85 The concept of a good housing campaign may have merit, however it is unclear what the actual outcome of the proposed campaign would be. Without a clear purpose the idea appears flawed as the concept of "good housing" is a subjective term and is not quantifiable in the same way by all stakeholders and the community.

Noted. The good housing campaign may have different outcomes as explained on p59 of the draft Housing Strategy. The aim is to help raise awareness of the type of housing available and how this could be delivered and what to look for when renting or buying an apartment.

Action 8 - Resident Surveys

- 86 Surveys are always a useful tool to inform Council about living and amenity within the City of Melbourne. A well informed community can assist with a smooth development approvals process as communities will better understand the future plans for their own neighbourhood.

Noted. No change required.

Goal 3 Foster a high level of awareness and knowledge around good housing outcomes

- 87 The concept of what constitutes “good housing outcomes” is always going to be a value judgement and the perceptions and reality of what is a good outcome will vary.

Making sure that current and new residents are more knowledgeable about the planning system and expected development in an area will always assist. However whether this translates to the concept of promoting or understanding good housing outcomes is questionable.

Noted. Good housing outcomes refer to our aspiration where housing is affordable, well-designed and meets the diverse needs of our residents. This is explained throughout the Housing Strategy and in our three goals.

Action 9 - Inner city coordination

- 88 Understanding how municipalities interact with one another and housing remains in a region is an important aspect and should continue to be a priority with Councils.

Noted. No change required.

Action 10 - Housing Advisory Committee

- 89 HIA supports this action. HIA would welcome representation on this Committee to ensure input can be provided by Australia’s peak residential building industry association.

Noted. The City of Melbourne will be engaging with all key stakeholders in implementing Action 10 ‘Housing Advisory Committee’.

Action 11 - Annual reporting

- 90 HIA has no objection to this action.

Noted. No change required.

Goal 3 - Action 12 - City of Melbourne Apartment Design Standards (if required)

- 91 As per response to Action 4. It is difficult to comment on these without being part of the development of the design standards.

Noted. Further consultation with stakeholders and the community will be undertaken as the proposed actions are developed.

In general HIA does not support measures introduced at a local government level to compliment Victoria wide standards.

Community Housing Federation of Victoria

Key points

- Applauds *Goal 1* and encourages the City of Melbourne to be a leader in facilitating and encouraging social and affordable housing.

- Supports the involvement of registered housing associations in managing and leading new affordable housing developments.

- Strongly encourages the use of City of Melbourne owned land for affordable rental housing.

- Concerned that high rents in the private market will not deliver affordable rental options for low income households.

- Encourages the use of the planning scheme to achieve goals through inclusionary zoning and approvals and development bonuses.

- Emphasises the importance of key worker housing to be more directly identified.

- Streamline planning process for public and community housing.

- Include community housing organisations on the Housing Advisory Committee.

	Comment	Response
1	Thank you for the opportunity to input into this important exercise in developing ways to improve the affordability and design of housing to meet the diverse needs to the residents of the City of Melbourne. Thoughtful long term planning is rare so we applaud you for this initiative.	Noted.
2	CHFV would like to emphasise the key role that local government can play in facilitating and encouraging greater supply of social and affordable housing in their municipal area. The City of Melbourne has the capacity to lead the local government sector by contributing positively to community housing developments, making sure this form of affordable housing is delivered.	Noted.

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| <p>3 It is a vital function of local government to open the door to more community housing developments and cutting red-tape in statutory planning. CHFV applauds Goal 1 of the strategy: Help provide at least 1721 affordable homes (subsidised) for low and moderate income earners by 2021.</p> | <hr/> <p>Noted. No change required.</p> |
| <p>4 CHFV agrees with the statement on page 46 of the draft strategy: The affordable housing should be managed by a registered housing association and preferably provided in mixed tenure developments of private market housing and affordable housing to help ensure socially mixed and diverse communities.</p> | <hr/> <p>Noted. No change required.</p> |
| <p>5 CHFV believes that given the opportunity, housing associations could lead development consortia to construct purpose built social, affordable and key-worker housing, utilising development potential on council owned land.</p> | <hr/> <p>Noted. Issue covered in draft Housing Strategy. No change required.</p> |
| <p>6 The community housing sector has previously demonstrated its capabilities through the delivery of the Victorian Social Housing Fund and the Federal Government National Social Housing Initiative. Our members were able to:</p> <ul style="list-style-type: none"> • blend income from public, private and philanthropic sources to generate new housing supply; • form a range of constructive and mutually beneficial partnerships with local governments, support providers and the private sector to better leverage community resources; • provide targeted assistance to people with high and complex needs through established and constructive relationships with disability support providers, mental health agencies and homelessness support services; • access mainstream sources of housing assistance, such as Commonwealth Rental Assistance; • target a diverse range of tenants to create vibrant mixed communities which are integrated into their neighbourhoods; • deal flexibly with their asset portfolios to manage long term housing demands and to optimise public investment. | <hr/> <p>Noted. The role of the community housing sector will be essential in achieving Goal 1. The City of Melbourne will continue to foster partnerships between the not-for-profit and private sectors to help deliver affordable housing.</p> |

<p>7 Make use of the council's land bank - Growing the supply of properties for affordable rental in Melbourne is of vital importance for the future of the city. For many Victorians on fixed and low incomes social housing is the difference between a stable, secure future, and one that is characterised by housing stress, and the difficulties posed by being at constant risk of homelessness. Social housing offers people on the lowest incomes an alternative to the private market. Community housing offers long-term tenure, affordable rental, and well maintained properties.</p>	<p>Noted. No change required.</p>
<p>8 CHFV recognises that the strategy identifies the importance 'grey fill' redevelopment on council owned land. Transitioning underutilised landholdings, including former industrial land in well serviced locations to residential land has the potential to add significant land supply for higher density housing.</p>	<p>Noted. No change required.</p>
<p>9 The community housing sector would like to see a demonstrable deflationary impact on the high levels of rent paid in the private market. We are concerned that over reliance on the private market will not deliver affordable rental options for low income people.</p>	<p>Noted. The Housing Strategy supports subsidised affordable housing rather than relying on the private market.</p>
<p>10 The City of Melbourne should seek to leverage their land bank to expand supply of social housing. Community Housing should be seen as key to unlocking capacity in the city so they can play a greater economic and housing role for the future. Not for profit housing organisations lack access to inexpensive or free land for the purposes of increasing the supply of more social, affordable and key worker housing in Melbourne. We feel that extensive opportunities exist within the land and assets held by the City of Melbourne.</p> <p>CHFV strongly agrees with point 1. Affordable housing on City of Melbourne owned land, Consider a 'Boyd High School style' model for delivery of affordable housing on Council owned sites that are redeveloped for housing in the future.</p>	<p>Noted. No change required.</p>

12	<p>Making the most of the planning process - The City of Melbourne housing strategy is a key tool to guide decision making on opening up land for greater housing diversity and affordability and town planning decisions on development proposals.</p> <p>We have long advocated to the State Government that there should be comprehensive planning reforms and other strategies to support the development of more social housing. We believe that a number of potential planning system levers should be made available to local governments that will deliver social housing through the development process.</p> <p>These include:</p> <ul style="list-style-type: none"> • Inclusionary zoning: where zoning requirements oblige new multi-unit developments to set aside a proportion of properties for social housing. • Inclusionary approvals: where local government may place covenants or other conditions upon developments that require a provision for social housing. • Density bonuses: where developments may be approved for higher density development if the applicant includes a provision for social housing within the development. 	<p>Noted. Issues covered in draft Housing Strategy. No change required.</p>
17	<p>CHFV believes that inclusionary zoning offers a significant policy opportunity to leverage private investment in vital additional affordable housing in Melbourne. Inclusionary zoning schemes require new development projects to contribute a proportion of the project towards affordable housing, either as dwellings, a monetary contribution or a donation of land.</p>	<p>Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.</p>
18	<p>CHFV strongly supports the initiatives in the strategy:</p>	<p>-</p>
19	<p>2. Development bonuses, Support development bonuses to incentivise the provision of affordable housing through the planning scheme in Arden-Macaulay and encourage in other new urban renewal areas (Fishermans Bend and E-gate).</p>	<p>Noted. No change required.</p>
20	<p>3. Inclusionary zoning, Require 15 per cent affordable housing (subsidised) through inclusionary zoning in the planning scheme in all growth areas (urban renewal areas and the Hoddle Grid).</p>	<p>Noted. No change required.</p>

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| <p>21 Key Worker Housing needs higher emphasis
 - The provision of key worker housing is of vital importance to Melbourne where there is the potential for disconnect between the location of work for employees of essential public services and where it is affordable for them to live. CHFV believes that the strategy needs to more directly identify opportunities to increase the supply of affordable key worker housing around Melbourne making use of current programs to maximise access. Melbourne requires more affordable housing options for key workers who do not earn enough to access the housing market in a location suitably close to their workplace. CHFV emphasises the importance of affordable living through affordable housing supply.</p> | <p>Noted. 'Promoting key worker housing' was chosen as a top 5 option in the Future Living consultation by 18% of participants. Improving access to affordable housing for key workers will be an important consideration in the development of Actions 1, 2 and 3. However, the Housing Strategy does not propose to specifically target key worker housing. Rather, increasing housing affordable to low to moderate income earners will include key workers without debating/prioritising specific professions and excluding others.</p> |
| <p>22 Make it easier for Social Housing -
 Streamlined planning processes for Public and Community Housing residential developments are vital to deliver the new homes needed for Victoria's growing population. Our broader society must be protected from inappropriate local objections that waste the resources of local government and VCAT and that delay good social housing developments offering essential affordable rental housing for the wider community.</p> | <p>Noted. It is considered that the City of Melbourne currently run an efficient and timely process for considering planning permit applications within the required timescales and considering the complexity of applications. No change required.</p> |
| <p>23 CHFV has advocated:
 • that community housing organisations registered with the State government's Housing Registrar be exempted from requiring a planning permit for residential development proposals that satisfy the planning scheme appropriate to that zone, and
 • that such developments be exempted from notices and review at VCAT.</p> | <p>Noted. This is outside the scope of the Housing Strategy. No change required.</p> |
| <p>24 Include Community Housing Organisations -
 CHFV applauds the City of Melbourne for developing this comprehensive housing strategy. We believe the community housing sector would have much experience and constructive feedback to give if some representatives of the community housing sector were included in the 10. Housing Advisory Committee, Set up a Housing Advisory Committee to help develop evidence, knowledge and partnerships with industry and community stakeholders and help implement the Housing Strategy.</p> | <p>Noted. The City of Melbourne will be engaging with all key stakeholders in implementing Action 10 'Housing Advisory Committee'.</p> |

Metropolitan Planning Authority (Jane Monk)

Key points

• The MPA congratulates the City of Melbourne on this strategy and strongly endorses its goals.

• The MPA questions some of the prescriptive actions outlined to achieve these goals.

• The MPA supports the Council in first convening the Housing Advisory Committee to test the strategy's proposals with all arms of government and industry.

Comment	Response
<p>1 The Metropolitan Planning Authority (MPA) would like to congratulate the Council on undertaking such a comprehensive piece of work that focuses on this important topic.</p>	<p>Noted.</p>
<p>2 The MPA strongly endorses the three goals outlines in the strategy. It has reservations however about some of the prescriptive actions outlined to deliver these goals.</p>	<p>Noted. No change required.</p>
<p>3 The MPA - and previously as the Growth Areas Authority - has worked with Councils and industry across Melbourne to improve housing affordability, expand housing choice, and ensure housing densities support the delivery of new infrastructure and activity centres. The MPA is also a champion of good design, both in terms of housing and the public realm.</p>	<p>Noted. No change required.</p>
<p>4 Housing affordability, diversity, density and design will be key elements for delivering successful new communities in urban renewal areas.</p>	<p>Noted. No change required.</p>
<p>5 Within this context the MPA welcomes the strategy's acknowledgement of the non-planning influences on housing development - lending structures, construction costs and tax regimes to name a few. The discussion within the strategy represents a significant advance on the mainstream narrative and will serve as a valuable platform for tailoring policies to achieve the stated goals.</p>	<p>Noted. No change required.</p>

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| 6 | A first action by Council should be convening the Housing Advisory Committee and include representatives from all relevant areas of government and industry. Through this group the Council will be able to test proposals with all arms of government and industry to ensure they are well-targeted and more likely to be successful. | Noted. The City of Melbourne will be engaging with all key stakeholders in implementing Action 10 'Housing Advisory Committee'. The Committee will help implement Homes for People, share new evidence and knowledge to inform future work and advise on the monitoring & evaluation of the strategy. |
| 7 | The MPA would welcome the opportunity to work with Council in delivering the draft housing strategy and ensuring the city retains its reputation as a leader in livability. | Noted. |

Southbank Residents Group

Key points

- Believe the 15% affordable housing target should not be any higher. 20% at Boyd High School is excessive.
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- Affordable housing should be spread throughout the municipality and throughout individual developments.
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- *Goal 2* is fundamentally important - should encompass the entire building and implement robust legislation to prevent developers finding loopholes in planning controls.
-
- Supports *Goal 3*, City of Melbourne can be a leader in Australia but has missed the opportunity to be a world leader due to too many existing poorly designed developments.
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Comment

- 1 Goal 1 - Is this figure over and above the affordable homes already provided through the National Rental Affordability Scheme (NRAS) or are they included as a contributor to this figure? There are already a number of properties available through NRAS within the municipality.

Response

Noted. See p 46 of draft Housing Strategy states that the target in our goal is based on 15 per cent of new dwellings estimated to be built between 2016 and 2021 which do not currently have a planning permit or are at an advanced stage of the development process. The figure does not include any affordable homes built in the municipality to date. The NRAS scheme has been discontinued by the Federal Government.

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| <p>2</p> | <p>Goal 1 - The figure of 15% is proposed for this provision within new developments. SRG believes this figure should not be any higher. We disagree with the 20% provision within the Boyd model, this is excessive. Owing to this we feel the Boyd model is not a good example.</p> | <p>Noted. A target of 15 per cent is comparable with other Australian state capitals. P26 of the draft Housing Strategy explains the need for affordable housing in the municipality.</p> <p>In addition, relevant studies have suggested that, ideally, permanently affordable rental housing should comprise between 10% and 15% of the total stock across a broad community geography, if that region is to satisfy the requirements of an inclusive, dynamic and sustainable community. This percentage relates to estimates of the sector of the community that is unlikely to access reasonable accommodation even under the assumption of a highly efficient housing market. (See SGS Economics & Planning Pty Ltd (2009) A vision and plan for social housing in Australia, report commissioned by PowerHousing Australia).</p> <p>20 per cent provision on City of Melbourne owned sites responds to the desire for 20 per cent affordable housing in Future Melbourne and shows leadership within our local government role and sphere of influence.</p> |
| <p>3</p> | <p>Goal 1 - SRG demands that the affordable housing to be spread throughout the municipality and not concentrated in pockets within the municipality or suburbs.</p> | <p>Noted. P46 of the draft Housing Strategy states that the affordable housing should preferably be provided in mixed tenure developments of private market housing and affordable housing to help ensure socially mixed and diverse communities. Affordable housing will be focussed in our growth areas to capture an uplift in land values. No change required.</p> |
| <p>4</p> | <p>Goal 1 - Likewise SRG demands that affordable housing within any single development is also not concentrated on any specific floors but spread throughout the development.</p> | <p>Noted. Refer to p. 46 Goal 1 "The housing should be 'tenure blind' where affordable housing and private market housing are indistinguishable from one another in terms of design quality, appearance or location within a site."</p> |
| <p>5</p> | <p>Goal 2 - This is absolutely fundamentally important and needs to be afforded upmost attention by the CoM.</p> | <p>Noted. No change required.</p> |
| <p>6</p> | <p>Goal 2 - The residents already residing in high density accommodation need to be consulted extensively on their experiences. Particular attention should be afforded to those first time occupiers of new developments as these people will be acutely aware of deficiencies before they personally made permanent adjustments to the living space.</p> | <p>Noted. Refer to Action 8 'Resident Surveys'. No change required.</p> |

7	<p>Goal 2 - Robust legislation needs to be developed to identify and stop the loopholes developers currently enjoy. One such example is the use of borrowed light for a bedroom is currently not allowed, however the developer will make (for example) a one bedroom plus study apartment. The study will utilise borrowed light. In principle this is fine, except the study is often large enough to be 'converted' into a bedroom and coincidentally contains built-in robes. Therefore when it is sold by the developer it is a '1 bed plus study', however when it hits the commercial rental market it is then advertised as a two bedroom. SRG has examples of apartments where the 'study' (using borrowed light) is larger than the master bedroom, and coincidentally also has built in robes. It would appear the developer planned the design to be two bedroom but marketed it as one bedroom plus study and allowed the purchaser to use their own creative thinking or the sales staff may have discreetly presented the property as a two bedroom.</p>	<p>Noted. This issue will be considered as part of Action 4 Victorian Apartment Design Standards. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.</p>
8	<p>Goal 2 - This goal should extend beyond apartments and also include the entire development as many of the environmental performance targets start with the development and then flow down to the apartments.</p>	<p>Noted. These issues will be further explored through Action 6 Higher density living paper.</p>
9	<p>Goal 3 - SRG commends the intent of this goal.</p>	<p>Noted. No change required.</p>
10	<p>Goal 3 - CoM has an opportunity to be a leading example for Australia, however SRG feels it is too late to be a leading example to the world. Victoria and the CoM missed the opportunity to get this right earlier and be a world leading example. There is already too many poorly designed developments that lacked oversight or the leadership from the Citv.</p>	<p>Noted.</p>

Central Equity

Key points

- Generally supportive of 3 goals.

- Seek further clarity on *Action 1 - Affordable Housing on City of Melbourne owned land*.

- Seek further clarity on *Action 3 - Inclusionary zoning*.

- Concerned about the impact of *Action 4 - Victorian Apartment Design Standards* on affordability and diversity of dwellings.

- Encourage further consultation with development and construction industry on development of design standards and to assess impacts of on housing yields and costs.

- Encourage reasonable transition period for introduction of Inclusionary zoning and Design Standards.

Comment

Response

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| 1 | Central Equity has reviewed the Draft Housing Strategy and is generally supportive of the three Housing Goals which are identified early in the Strategy. Our comments in relation to some of the specific actions proposed for achieving the goals are as follows: | Noted. No change required. |
| 2 | <p>Affordable housing on City of Melbourne Owned Land - This action refers to the "model" adopted by Council for the former Boyd School site in Southbank where 50 "affordable" dwellings are proposed within a future development. The details of the "Boyd Model" are not explained to enable its full assessment. Information required for an independent assessment includes:
 If and by how much the site was discounted for the sale to the developer.
 What type of Housing Association will manage the occupation of the dwellings and what will be the management structure of that Association?</p> | Noted. Greater clarity will be provided on the 'Boyd High School style' model for Action 1 in the final Housing Strategy. |

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| <p>5 Inclusionary Zoning - The details of how affordable housing will be provided through inclusionary zoning will be of critical importance for the development industry (and investment decisions) and further information is requested with respect to this idea. As mentioned previously, the details of the "Boyd Model" have not been made public, yet this action would have a massive impact on development cost.</p> | <p>Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.</p> |
| <p>6 Victorian Apartment Design Standards - Many of the suggested controls would significantly reduce the number of apartments able to be constructed on any given site and therefore the number of households able to be accommodated. The controls would render many successful development scenarios without prospect at all due to commercial inefficiencies, for example the severe restriction on south facing apartments and the limited number of apartments per floor. This would directly decrease the affordability of dwellings and reduce the diversity of residential accommodation types.</p> | <p>Noted. The Victorian Design Standards have been developed by the OVGA with consideration to development feasibility. Standards can be introduced which still allow for, and promote, flexibility and innovation. The draft NSW Apartment Design Guide, for example, includes sufficient flexibility and uses outcome based criteria.</p> <p>Further consultation will occur on the standards before they are finalised. Research from the NSW Property Council in 2011 suggested that the apartment standards in SEPP65/Residential Flat Design Code only had a marginal impact on affordability.</p> |
| <p>7 According to recent RBA and HIA reports, Melbourne housing is more affordable than Sydney. One of the reasons for this is the restrictive and prescriptive planning rules that apply in Sydney. Any new controls, standards, guidelines or policies would require wider consultation with the development and construction industry to fully assess the impact on housing yields and costs.</p> | <p>Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.</p> |
| <p>8 Central Equity is willing to provide comments on the draft Standards when this consultation process takes place. Some of the standards as currently contemplated clash and conflict with existing planning scheme policies and requirements. Much detailed work is needed to ensure there are no inconsistencies in detail between the relevant planning scheme controls and the new standards.</p> | <p>Noted. See above response(s).</p> |

9 City of Melbourne Apartment Design Standards - Adding a further layer of regulations over land in the City of Melbourne will potentially further complicate the development approvals process. The strategy implies that further development density is becoming too high in parts of the city. The strategy should be taking full advantage of those parts of the city where development potential can be maximised and greater density can be achieved. This will in turn reduce pressure for additional development on the urban fringe.

Noted. City of Melbourne Apartment Design Standards only to be implemented to compliment the Victorian Apartment Design Standards if the standards do not adequately respond to the specific challenges of high density housing in the central city.

P38 of the draft Housing Strategy highlights the extreme densities currently being built in Melbourne. Such densities are not required to accommodate the projected population growth of Melbourne. If such developments do go ahead, they should be high quality, be environmentally efficient and designed with sufficient flexibility so as to have long term appeal.

10 If the above initiatives (Inclusionary Zoning and Design Standards) are progressed, then it would be appropriate to provide a reasonable period of transition prior to their implementation. This would ensure that development projects which are already in the process of obtaining development approval not be "caught" and stalled by new controls.

Noted. A detailed implementation schedule will be included in the final Housing Strategy. An adequate transition period will allow for the development industry to adapt to new policies.

Architects for Peace

Key points

- Supports goals yet believes they can go further, particularly in addressing affordability.
-
- Emphasises the importance of social inclusion, physical accessibility and community facilities in integrating affordable housing within communities.
-
- 15% affordable housing target for new development is too low, suggesting the 35% used in the UK would be more meaningful in addressing the shortfall of affordable dwellings.
-
- Supports *Action 5 Ratings tool* offering suggestions for elements of apartments to be rated.
-
- Encourages further consideration of vacant flats, permanent tenure arrangements, class 2 residences, and amenities development fees to fund community infrastructure.

Comment	Response
<p>1 Since the early 1990s, policies such as Postcode 3000 have been highly successful in attracting people to reside in the city. However, the sheer volume of poor quality, poorly serviced and unaffordable apartments now coming onto the market means that residents are in danger of becoming victims of this success. Architects for Peace (A4P) believes the goals of The City of Melbourne Homes for People strategy are worthy, but need to go further to improve amenity, building quality and, in particular, housing affordability.</p>	<p>Noted.</p>
<p>2 Importantly, affordability needs to be considered within the bigger context and as part of wider notions of social inclusion and social and physical accessibility. If the intention is to create liveable communities, not just more accommodation, the focus should be on providing better community facilities and infrastructure to create real choice for diverse community groups, including families. The City of Melbourne is in a unique position to leverage its position to mandate more ecologically and socially sustainable housing that is not only affordable to rent or purchase, but also affordable to maintain. In summary, A4P recommend the following policy improvements:</p>	<p>Noted. Issues covered in draft Housing Strategy.</p>

3 Affordable dwelling targets - Affordable dwellings needs to be expressed in terms of bedrooms to give an indication of the number of people that each one can accommodate. Bedrooms should have minimum dimensions.

Noted. Greater clarity will be provided in the Housing Strategy with regard to the desired mix of affordable housing to ensure they are not all one bedroom apartments. Further information will also be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

Bedrooms already have a minimum dimension as set out in the Building Code of Australia, however Action 4 Victorian Apartment Design Standards will consider standards to make dwellings more flexible for different household types.

4 The targeted 15% (1721 units) of new developments based on the expected total of 92,000 units in 2021 will result in a 1.87% increase in total affordable dwellings within the city. With the 15% not being strictly imposed, as it appears to be considered as the maximum targeted percentage, subject to negotiations with developers, it is expected that the increase will even be lesser. The target should be determined based on improving social equality in housing conditions, through an overall percentage of affordable housing, both existing and new. The proposed increase, based on 6% of all existing housing being affordable, will result in around 8% of future overall housing being affordable. This target is too low, and does not sufficiently address the shortfall identified in the strategy (Page 26) of the remaining 17% within the lowest income quartile. Cities such as Birmingham in the United Kingdom, and many others, mandate that 35% of new dwellings must be affordable for low income workers. We consider that 35% would be a more meaningful target, which would serve to begin to address the significant existing shortfall over time.

Noted. See p 46 of draft Housing Strategy states that the target in our goal is based on 15 per cent of new dwellings estimated to be built between 2016 and 2021 which do not currently have a planning permit or are at an advanced stage of the development process. A target of 15 per cent is comparable with other Australian state capitals. P26 of the draft Housing Strategy explains the need for affordable housing in the municipality. 15 per cent affordable housing is therefore justified in balancing the need to help provide affordable housing for some of these households while ensuring a good mix of housing and that development remains feasible.

In addition, relevant studies have suggested that, ideally, permanently affordable rental housing should comprise between 10% and 15% of the total stock across a broad community geography, if that region is to satisfy the requirements of an inclusive, dynamic and sustainable community. This percentage relates to estimates of the sector of the community that is unlikely to access reasonable accommodation even under the assumption of a highly efficient housing market. (See SGS Economics & Planning Pty Ltd (2009) A vision and plan for social housing in Australia, report commissioned by PowerHousing Australia).

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| <p>5 Apartment Rating Systems - The apartment rating system idea is excellent and should be adopted as a way of measuring the ecological sustainability and quality of design of apartment buildings. Design standards should consider the need for robust, flexible dwellings that consider the notion of 'ageing in place', accommodating residents' growing / diminishing needs. Council should continue to build better ties with universities and research centres and look to overseas as well as local precedents. Advancements in building typologies, construction materials and technologies are providing important solutions for housing problems. It is suggested that this be developed to complement NABERS and other popular rating tools, and ultimately incorporated into the Planning Scheme so that it can be enforced.</p> | <hr/> <p>Noted. These suggestions will help inform the development of Action 5 'Ratings tool'.</p> |
| <p>6 Amenity - Too many apartments are being built without access to natural light and ventilation to bedrooms and living areas. The rating system developed should include a method for determining the natural light that will be available to each apartment within its context, and minimum standards set up around this. It should not be a given that low income apartments should be the ones that are South-facing.</p> | <hr/> <p>Noted. These issues will be considered in Action 4 Apartment Design Standards and Action 5 Ratings tool.</p> |
| <p>7 Integration - There should be inclusion in the Planning Scheme to ensure inclusiveness in social design accessibility to avoid situations such as 'poor doors' in London (Guardian 26/7/14: "Poor doors: the segregation of London's inner-city flat dwellers"). Affordable housing is being separated within the building, so that there are separate entrances, lifts, waste systems, car parking, and cycle parking. Some building even have expensive dual cores to allow this separation. We think it is very important to the social fabric that affordable housing within new towers not be stigmatised through separation, that people on lower wages should not be forced to use the trade entrance to access their own home. Affordable flats should not be identifiable, they should be integrated in "salt-and-pepper" fashion. This method is unpopular with many developers due to unfounded pre-conceptions about people on lower wages.</p> | <hr/> <p>Noted. Refer to p. 46 Goal 1 "The housing should be 'tenure blind' where affordable housing and private market housing are indistinguishable from one another in terms of design quality, appearance or location within a site."</p> |

- 8 Vacant flats** - Vacant flats within the city are mentioned in the draft strategy but no clear actions are identified. New taxing strategies that target these types need to be considered to reduce their numbers and to provide more supply to the market. A similar taxation system is being prepared for the city of Vancouver.
- Noted. Vacant stock plays a vital part in any market. The vacant stock helps to keep the market operating and is important part of a balanced market place. The City of Melbourne has limited control on vacant apartments other than through the charging of rates, however it is currently extremely difficult to identify vacant apartments within a building. There is no single data set which can be used to fully understand the vacancy of residential stock. Each of the known data sets has issues that mean that none provide sufficient information to understand the quantum of vacancy. Furthermore, it is not always a bad outcome that supply exceeds demand because the vacant stock plays a crucial role in the operation of the market.
- 9 Infrastructure** - The amenities development fee should be increased to levels in other Australian Capitals such as Brisbane to ensure that the city can continue to fund a high level of access to quality libraries, child care centres and other such facilities normally provided by the Council. Choice of a place to live is driven by various factors and rent/ mortgage cost is only one of these factors. Families for example are more concerned with the availability of different services and the community facilities. Given that the strategy itself mentions that schools in the city are already reaching their maximum capacity, we suggest that community infrastructure development needs to be a related priority, rather than a focus on housing alone, which may result in a per capita loss of schools and other publicly-owned facilities within the city.
- Noted. Two planning scheme amendments are currently being progressed by the City of Melbourne, a Development Contributions Plan and increased Public Open Space levy. Though integral to achieving liveable communities, developer contributions for infrastructure sit outside the scope of the Housing Strategy.
- 10 Temporary rentals and permanent tenure** - The temporary nature of subsidised houses for residents in need, and associated problems, should be considered. It would appear that residents whose situation improves, such that they are no longer eligible, will not be able to relocate within the area due to the huge gap between the cost of what is subsidised and what is not. Continued transient residents of this nature are unlikely to help in creating healthy and stable communities. Schemes for permanent tenure may need to be considered to help in mitigating the city's high population turnover (70% of total population over a 5 year period).
- Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

11 **Class 2 residences** - Class 2 residents have fewer rights in relation to their homes than the owners of single detached dwellings. In particular, residents are hampered by the lack ability to implement sustainability initiatives, water bills based on the building's total consumption, and lack of access to off-peak electricity. Rights are further diminished where residents are renting, and where owners' corporations are resistant to change and sustainability initiatives. The nature of these corporations and of strata titles prohibits future improvements, quite unlike the situation for detached houses. These towers need to be designed right in the first place. While these are largely state government issues, they affect the bulk of CBD residences. Council could consider what is within their ability to change.

Noted. These issues will be further explored through Action 6 Higher density living paper.

See p 40. "Smart Blocks, a national program developed in partnership between Strata Community Australia, City of Sydney, City of Melbourne, Owners Corporation Network of Australia and Green Strata will be key to helping respond to this challenge (energy efficiency). It helps apartment owners and their managers to improve the energy efficiency of common property in apartment buildings."

12 Architects for Peace believe that the City of Melbourne is well-placed to leverage its position to mandate more ecologically and socially sustainable housing that is not only affordable to rent or purchase, but also affordable to run and desirable to live in. Thank you for considering this submission.

Noted.

Open Studio Architecture

Key points

- Suggests implementation of affordable housing related actions are a greater or equal priority to design related actions, particularly *Action 3 Inclusionary zoning*.
- Strongly supports *Action 1 Affordable housing on City of Melbourne owned land* suggesting a minimum of 20% affordable housing provision whilst showcasing design excellence.
- Recommends that *Action 4 Victorian Apartment Design Standards* be enforceable measures, not just aspirations.

Comment

- 1 The draft strategy considers the affordability goal and the design goal rather separate. The actions timeline shows that the design actions will be addressed very soon, with the affordability measures lagging far behind. It is critical that the affordability measures are implemented before - or at least concurrently with - the design quality measures. Otherwise the policy may inadvertently contribute to worsening affordability, or at least will be blamed by housing providers for doing so.
- 2 Action 3, Inclusionary Zoning, is not proposed to be addressed until after 2017. I believe this is a huge loss of opportunity and might make this measure next to useless. Considering the rate of development in the residential growth zones of Fishermans Bend, E-gate etc, many developments will be under way by that date, and most will be under planning application. Inclusionary zoning has been elemental in the success of Sydney's Green Square; Melbourne must not miss this opportunity. I urge council to consider a way of implementing this measure as soon as possible, if need be with interim planning controls.

Response

- Noted. All 3 Goals are interdependent and considered essential to achieving our aspiration. A more detailed implementation schedule will be included in the final Housing Strategy, however some actions will take longer to implement than others, particularly those requiring changes to the Planning Scheme.
- Noted. See above response(s).

3 City of Melbourne pilot projects should lead by example, showcasing design excellence while including at least 20% affordable housing, as suggested in Action 1. Such projects should receive proper resources and support. Not only will they help address the affordability goal, they also promote the City of Melbourne as a city of design excellence and address goal 3, awareness and knowledge about good housing.

Noted. The affordable housing at the Boyd school site is an example of the City of Melbourne leading by example requiring 20 per cent affordable housing and good design quality.

4 Action 4, Victorian Apartment Design Standards, is correct in referring to the New South Wales examples, as it is widely acknowledged that the Residential Design Code and SEPP 65 have definitively improved the quality of apartments there. My concern is that the standards should not just be aspirations, but enforceable measures. It is important to find a way to quantify them, so that they can be easily followed by designers and assessed by planning authorities.

Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.

Visionary Design Development

Key points

- Highlights the importance of accessibility for people of diverse physical, sensory and intellectual abilities, particularly accommodation for an aging population - City of Melbourne can be a leader.

- Points out that the strategy makes no reference to disability and mentions accessibility only twice - suggests a dedicated section specific to accessibility.

- Raises questions regarding appropriate level of accessibility and proportion of dwellings to achieve these standards - should be included in goals and actions.

- Encourages the City of Melbourne to address accessibility needs to align with other progressive policies in this field.

Comment

Response

1 VDD Studio's response to City of Melbourne's Homes for people: Draft Housing Strategy 2014- 2018 aims to highlight the need for accessibility in a housing strategy, ensuring people of diverse physical, sensory and intellectual abilities are accommodated. Need is evidently demonstrated by 1 out of every 5 Australians currently living with a disability (Australian Human Rights Commission) along with the country's ageing population being forecast to expand from 6.4% to 14.4% of people aged over 75 from 2012 to 2060 (Australian Government Productivity Commission). Accessible housing is therefore crucial; the City of Melbourne Housing Strategy is an opportunity to embed accessibility as a crosscutting consideration within local government policy. Furthermore, it is an opportunity to position the City of Melbourne as a leading exemplar of understanding the housing needs of people of all abilities.

Noted.

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| 2 | VDD Studio's submission focuses on the current lack of planning towards achieving an accessible built environment in which all people can live full lives, independent of their abilities. The Draft Strategy does not feature the word "disability" and only mentions "accessibility" twice over the 72 pages. A dedicated section specific to accessibility along with appropriate additions throughout would serve to assure the public and project stakeholders that thought has been given to an inclusive strategy. Drawing on specialist skills, international accessible housing guidelines knowledge and Universal Design capabilities, additional input should be sought from expert access consultants, such as Visionary Design Development Pty Ltd and others, including the City of Melbourne's very significant in-house competencies in the disability arena, to ensure that the accessibility needs of stakeholders are met. | Noted. P36 of the draft Housing Strategy refers to the research produced for Future Living and raises a number of design issues, including very small apartment sizes, poor building and apartment layouts and limited flexibility, adaptability and accessibility. These issues will be considered in the development of Action 4 the Victorian Apartment Design Standards to ensure appropriate space standards and homes that are accessible and adaptable to people at all stages of life. P57 of the draft Housing Strategy states that the standards should deliver positive outcomes with regard to size, adaptability, accessibility, entry and circulation. |
| 3 | Decisions on what level of accessibility, for example, visitability, adaptability or 'full' accessibility, and to what standards, for example, Australian Standards 1428, Livable Housing Australia Guidelines, National Construction Code (BCA) Class 2 buildings requirements, or other more locally appropriate solutions, will require careful consideration. Similarly, what percentage of dwellings should have what level of accessibility? Given 1 in 5 of the Australian population are people with a disability a target of 20% of dwellings being accessible may, on first premise, appear reasonable. However given that everyone experiences a lack of independent mobility and/or a period of disability in an normal lifespan, this may be inadequate. Therefore, the advice of specialist consultants on accessibility considerations and specific input from people with disabilities and their representative organisations should be sought and incorporated into the Strategy Goals. Similarly, the 12 point Action Plan requires the incorporation of accessibility considerations as a primary and crosscutting parameter. | Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'. |
| 4 | VDD studio would like to commend the City of Melbourne on their record of addressing the needs of people of all abilities. However, to align with its other progressive policies on accessibility, this draft strategy needs to address accessibility both more specifically and more broadly. | Noted. See above response(s). |
| | | Noted. |

Strata Community Australia

Key points

- SCA (Vic) encourages the strategy and welcomes further discussion and involvement.
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- SCA (Vic) focus their submission on Goals 2 and 3, relating to improving design quality and increasing knowledge
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- SCA (Vic) include their entire policy position, drawing attention to a variety of issues including Planning and building laws, sustainability, council rates, maintenance plans and funds, and water rights.

Comment	Response
<p>1 SCA (Vic) encourages the City of Melbourne’s proactive approach to address foreseen housing challenges which will result from the exponential population growth and predicted increase in high density living within Melbourne City.</p>	<p>Noted.</p>
<p>2 SCA (Vic) would be willing participants as a not-for-profit industry body to contribute to the project outcomes where viable. And welcome your further discussions and continued progress reports.</p>	<p>Noted. Further consultation with stakeholders and the community will be undertaken as the proposed actions are developed.</p>
<p>3 We applaud and recognise the need for affordable housing, although would more directly be valuable contributors to discussions to support design quality and environmental performance of new apartments, as well as, opportunities to foster a high level of awareness and knowledge around good housing outcomes.</p>	<p>Noted. No change required.</p>
<p>4 Being representative of the communities living in high density dwellings we are aware of current day-to-day issues that heighten the adversity of living in such close knit dwellings, as well as the common and recurring issues faced by the owners corporations in their endeavours to maintain their buildings.</p>	<p>Noted.</p>

<p>5 Buildings which have been created as Owners Corporations, which can incorporate residential, mixed use, residential and retail premises also, all have legislated obligations they must comply with and powers which they must act upon. Some of these powers and legislated obligations however, fall short of fully protecting the owners, investors and occupiers, or providing adequate authority of owners corporations to make decisions and build communities.</p>	<p>Noted.</p>
<p>6 In addition to the actions noted in this City of Melbourne paper, the attached SCA (Vic) Policy Position addresses many more of the known challenges faced by those living in high density dwellings; owners corporations. It details challenges which give rise to heightened conflict amongst building residents, adversely impacting on the ability to create community. It recognises where current legislation fails Owners Corporations, such as protections and authority to take action wherever necessary. And it also provides recommendations, where possible, that could work towards addressing and/or resolving the issue.</p>	<p>Noted.</p>
<p>7 It is certainly not an exhaustive list, although also includes options that could be available to support better management of Owners Corporations, and education of those buying, investing and/or living in owners corporations. Supporting Goal 3 of the City of Melbourne.</p>	<p>Noted.</p>
<p>8 SCA (Vic) recognises that whilst the development of more high density living opportunities, is a key resource of the housing situation, getting it right from the start is essential. From the design aspect of the apartment, which extends to the building quality, the price and the amenities - all being part of the initial development and sale stage of the property, to the need to create awareness and responsibility for the continuing living environment; its quality and sense of community.</p>	<p>Noted.</p>
<p>9 We have included the Policy Position document in its entirety, although draw your attention in particular to the following:</p>	<p>Noted. This input will help inform the development of all Actions in the strategy, in particular Action 6 'Higher density living paper' and Action 7 'Good housing campaign'.</p>

10	<p>2. Planning & building laws</p> <p>2.1 Short-term letting – amend planning laws for peaceful co-existence</p> <p>SCA (Vic) believes this consumer problem resulting from short-term letting, can be overcome with variations to planning laws whereby such apartments can co-exist within a residential building.</p>	Noted. This is outside the scope of the Housing Strategy. No change required.
11	<p>2.2 Renewal/termination of subdivision developments – to be less than 100% unanimous agreement</p> <p>SCA (Vic) recommends the lower than unanimous threshold of an appropriate majority of owners to decide to proceed with a redevelopment of the owners corporation should be:</p> <p>Age of building Threshold</p> <p>< 10 yrs old 100%</p> <p>10 – 25 yrs old 80%</p> <p>> 25 yrs old 75%</p> <p>For owners corporations of 10 lots and over, SCA (Vic) recommends the government consider legislative amendments that mirror Corporations Law requirements that enable compulsory acquisition of the remaining 10% shareholding in a listed company.</p>	Noted. This is outside the scope of the Housing Strategy. No change required.

12 2.3 Current building standards – meeting & amending

Noted. This is outside the scope of the Housing Strategy. No change required.

Meeting

SCA (Vic) recommends retrospective compliance to building codes, giving 5 years to comply with current building standards.

Amending

SCA (Vic) recommends current building codes to assist an OC to comply with OH&S requirements by making the installation of roof access and any fall arrest systems mandatory in construction for buildings over 2 storeys.

2.4 Improved building and design standards

SCA (Vic) supports any improvements to building and design standards.

2.5 Improved warranty

SCA (Vic) supports any improvements to warranty insurance.

13 3. Sustainability

Noted. This is outside the scope of the Housing Strategy. No change required.

3.1 Changes required to OC laws to accommodate sustainability measures
SCA (Vic) believes similar changes should be made to Victorian OC laws as was made in Qld.

3.2 Eligibility of owners corporations for sustainable initiatives
SCA (Vic) recommends that regulations, incentive schemes and rebates for implementing sustainable initiatives in the residential sector be developed so that owners corporations are eligible to apply, rather than requiring an individual owner to apply and subject to approval of the owners corporation.

3.3 Separate water meters for new owners corporations
SCA (Vic) recommends that for all new owners corporations, lots should be individually water metered in order to provide water saving incentives for unit occupants.

3.4 Mandatory residential disclosure of sustainability on sale of lot
SCA (Vic) agrees with the planned introduction in Victoria of the mandatory disclosure of the sustainability of residential lots.

14	<p>4. Victorian Civil & Administrative Tribunal [VCAT]</p> <p>4.1 Default judgments</p> <p>SCA (Vic) recommends changing the VCAT Act 1998 to allow for default judgments in undefended matters and enabling adjudication on the papers.</p> <p>4.2 Overseas lot owners</p> <p>SCA (Vic) recommends further legislative amendments to overcome the problem that still exists - how to recover fees from overseas lot owners where there is no property agent and the only known address is outside of Australia.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
15	<p>5. Ability to levy extraordinary fees when expenses are created by owner(s)</p> <p>SCA (Vic) recommends the OC Act be changed to provide the owners corporation the ability to levy extraordinary expenses on a lot owner and to recover extraordinary expenses incurred as a result of the actions of an owner, occupier or their guests.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
16	<p>6. Education for committee members - to be voluntarily accessible</p> <p>Mandatory training of committee members is too onerous and should not be adopted. SCA (Vic) recommends educational resources should be made available online, though committee members who breach the owners corporation laws should be compelled to undertake education.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
17	<p>9. Tax</p> <p>9.1 Ruling IT 2505</p> <p>Assessable income should be taxed in the hands of the OC and not the individual lot owners.</p> <p>9.2 Tax Year - enable a Substituted Accounting Period [SAP] for OCs</p> <p>The inability to change the tax year of owners corporations means that two sets of books have to be kept. Although the ATO has the ability to accept different tax years, apparently owners corporations are not currently allowed to do so.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>

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| 18 | 10. Local Council rates where OCs own and maintain infrastructure – there should be appropriate rate relief | Noted. This is outside the scope of the Housing Strategy. No change required. |
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SCA (Vic) recommends that where owners corporations own and maintain infrastructure the local government Council should provide an appropriate amount of relief from the Council rates of lot owners in recognition of the reduced costs of the Council in not having to maintain all that they otherwise would have to.

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| 19 | 11. Maintenance plans and maintenance funds
11.1 Lower the threshold | Noted. This is outside the scope of the Housing Strategy. No change required. |
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SCA (Vic) recommends the threshold for requiring maintenance plans & maintenance funds be 13 lots or more [the same threshold as when a committee is required], or has annual fees greater than \$75,000 per annum. This would capture in the order of 50% of all lots and 10% of all OCs, instead of the “prescribed” threshold for maintenance plans & maintenance funds that captures about 27% of all lots and 1.2% of all OCs.

11.2 Do “prescribed” OCs actually require a maintenance fund, as was intended?

No.

It is recommended this be changed to ensure the OC Act says what it was intended to say.

11.3 Maintenance plan – what it contains

“Prescribed class” should include other items such as structure, roof, walls, windows, fire services, sustainable measures, etc.

20	<p>12. Contingency funds</p> <p>It is recommended that the OC Act be changed to require owners corporations to establish and pay a contingency fund fee as a mandatory component within the annual budget. Also that the owners corporation establish and document the rationale for the formula used to establish the level of the contingency fund and that this rationale be considered at the annual general meeting. Not with standing this process, the contingency fund established should not be less than 15% of the value of the other components of the annual budget, but may exceed this amount if required. An owners corporation could vote to vary the levy downwards once the accumulated balance in the contingency account had reached 150% of the total annual fees of the owners corporation.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
21	<p>13. Owners corporations (OC) managers</p> <p>13.1 Mandating professional OC management</p> <p>It is recommended that if an owners corporation has any one of a number of characteristics then the owners corporation be required to appoint a professional manager. Thus, it is mandatory for the owners corporation to appoint a manager in these circumstances.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
22	<p>15. Delineating common property</p> <p>SCA (Vic) recommends the Subdivision Act 1988 be changed so that, where an area is required and/or designed for the use and/or enjoyment of the OC, it is classified on a plan of subdivision as common property.</p> <p>SCA (Vic) recommends that the developer's ability to enter into leases, licences or agreements etc. for which the developer is a beneficiary be limited to three year</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>

23 17. Insurance

Noted. This is outside the scope of the Housing Strategy. No change required.

17.1 Building insurance

SCA (Vic) recommends the owners corporation be identified as the entity required to take out insurance [not individuals].

SCA (Vic) recommends the introduction of this obligation be complemented by administrative guidelines for staged subdivisions, greenfield master planned estates and the like.

17.2 Common contents Insurance

SCA (Vic) recommends it should be mandatory that common contents be insured.

17.3 Public liability Insurance

SCA (Vic) recommends the amount of cover prescribed for owners corporations should be \$20 million.

17.4 Insurance valuation of buildings

SCA (Vic) recommends that all OCs must have valuations [whereas currently this is just for prescribed OCs]; and the time period should be lessened from 5 years to 3 years [for all OCs].

24 17.5 Insurance claims excess

SCA (Vic) recommends where a claim is made on the owners corporation insurance policy any excess would, where it relates to one lot only - be payable by the owner of that lot. Where it relates to more than one lot but not all lots - be payable in proportion by the claimants to the loss. This provision should apply except where the OC determines by ordinary resolution that it is unreasonable for the lot owner(s) to pay the excess.

17.6 Natural disaster insurance

SCA recommends that any program to support access and availability to disaster insurance should include the strata and community title sector on equitable terms relative to any assistance to households in detached properties, while recognising the different characteristics of this market.

17.7 Office Bearers Liability Cover

SCA (Vic) recommends it should be mandatory for all OC's that have a committee to have office bearers liability insurance.

Noted. This is outside the scope of the Housing Strategy. No change required.

25 18. Committees - threshold when committee required & maximum size

SCA (Vic) recommends the OC Act should be amended to require the establishment of a committee when there are 8 or more lots in an owners corporation. Also, that the maximum size of the committee is 7 people, with the ability to expand it by special resolution [to cater for multiple owners corporations].

Noted. This is outside the scope of the Housing Strategy. No change required.

26 19. Define procedure for setting of lot entitlements and lot liabilities.

Noted. This is outside the scope of the Housing Strategy. No change required.

Units of entitlement

SCA (Vic) recommends that Unit of Entitlement is determined by a licensed surveyor and is based on market value at the time the Plan is lodged for a single owners corporation (including any Limited Owners Corporations).

SCA (Vic) recommends that for Unlimited Owners Corporations in multiple and/or staged developments a formula is developed having regard for:

- Value on day one and value on last day of development
- Use (residential, mixed commercial, retail, office etc)
- Services used (co-generation, embedded networks, fibre optics etc)

So that it satisfies “and the proportion that value bears to the total value of the lots”

(s33)

Units of Liability

SCA (Vic) recommends that a user pay system for services provided by the owners corporation is used to determine Unit of Liability; by a licensed surveyor.

27	<p>SCA (Vic) recommends that in determining the value that 4 tests are satisfied:</p> <ol style="list-style-type: none"> 1. Set as equal unless it can be demonstrated that it is just and equitable for there to be inequality. eg all the same type of residential apartment, (then choose one of 2 or 3 or 4). 2. Set based on area unless it can be demonstrated that type of use has bearing. eg all Residential where the type of lot is much larger than the others or for Commercial. 3. Set based on Occupancy where the number of occupants has greater bearing than area. eg sustainable measures, common utilities. 4. Set based on use (area x factor). Eg develop a factor applied to area for restaurants, office, retail, heritage, sustainability etc <p>SCA (Vic) recommends that the Land Victoria form OC1 and OC2 guidelines changes to reflect this position and where possible to state which method was applicable for the Plan being lodged.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
28	<p>20. Prescribed form - Statement of Advice and information for prospective purchasers and lot owners</p> <p>SCA (Vic) recommends that the existing form needs further information about obligations of an owners corporation to comply with the Act and outline the administrative duties of a professional manager.</p> <p>SCA (Vic) recommends that the existing form be expanded to include information about multiple owners corporations.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
29	<p>21. Compliance and enforcement of regulation</p> <p>To ensure compliance with the laws, pursue risk based enforcement based on professional association membership, and publicise.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>

30	<p>22. Owners corporations certificates</p> <p>22.1 Requirement to include an OC certificate within the Contract of Sale</p> <p>SCA (Vic) recommends maintaining the regulatory status quo of certificates and documents requirements for owners corporations certificates.</p> <p>22.2 Off-the-plan sales - remove the gap by requiring disclosure from initial owners [developers]</p> <p>SCA (Vic) recommends that if an owners corporation will be created in an “off the plan” sale, then to the full extent known, the contract of sale should require that purchasers receive the same information as that required for an owners corporation certificate in an existing owners corporation.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
31	<p>23. Surveyors & multiple owners corporations</p> <p>SCA (Vic) has concerns over surveyors setting up some simple small owners corporations as multiple owners corporations and unnecessarily complicating them.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
32	<p>24. Functions of an owners corporation - building community</p> <p>SCA (Vic) recommends the Act be changed to expand the functions of an owners corporation to include community building.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
33	<p>25. Water rights</p> <p>SCA (Vic) recommends provision is made for water rights and that an OC retains the rights to any water that falls on its property.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
34	<p>26. Power to bring legal proceedings</p> <p>SCA (Vic) recommends the power to bring legal proceedings should be able to be resolved by ordinary resolution.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
35	<p>27. Digital switchover & National Broadband Network (NBN)</p> <p>SCA (Vic) seeks amendment to the current Digital TV household assistance scheme to provide for owners corporations to receive pro rata rebates on aerial upgrades and installations on confirmation of occupant eligibility status. This should be administered by strata managers.</p> <p>Engage NBN Co on protocols for building upgrades.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>

36 28. Equity for strata residents
SCA (Vic) recommends a whole-of-government approach to strata and community living that recognises the role of owners corporations in service delivery and removes inequities.

Noted. This is outside the scope of the Housing Strategy. No change required.

37 29. Strata activation bonus
SCA (Vic) recommends a “Strata activation bonus” be adopted in the Victorian state budget.

Noted. This is outside the scope of the Housing Strategy. No change required.

Tenants Union of Victoria

Key points

- The TUV broadly supports many of the key goals and actions, emphasising that access to affordable housing is a critical issue that must be addressed.

- Current trends are leading to social segregation and homogenisation of particular population groups in different parts of the city.

- The TUV supports *Goal 1* and believes the 15% affordable housing target could be raised to address the significant exclusion of low-moderate income households.

- The strategy should consider housing types appropriate for families with dependent children to nurture social diversity.

- The TUV supports *Action 3 Inclusionary zoning* , pointing to examples in Adelaide and Europe where it has succeeded.

- The TUV believes that all rental properties should be governed by a set of minimum standards.

Comment

Response

1 Access to affordable and appropriate housing remains a critical issue that must not be placed in the 'too hard basket'. Addressing these issues relating to rental housing will go a long way to dealing with perennial issue of social exclusion, whilst stimulating a thriving and diverse community.

Noted.

2 Current trends are leading to a homogenisation of the residential population - in terms of age, income and employment - of inner city areas, including the City of Melbourne. Business-as-usual will only intensify a situation of spatial segregation already gripping Melbourne, where low-moderate income households are consigned to outer suburbs, often with poorer access to employment and transport options.

Noted.

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| 3 | While the TUV broadly supports many of the key strategies put forward in <i>Homes for People</i> , we would like to stress the following issues: | Noted. |
| 4 | 1. Renting in inner city Melbourne continues to be extremely unaffordable for households earning the minimum wage and average weekly earnings, let alone households reliant on income support. The TUV endorses the provision of 1,721 affordable homes forming a key plank of the City of Melbourne's Housing Strategy; a target of 15 per cent of new construction to be affordable housing is supported and ideally should be raised further to address the already significant exclusion of low-moderate income households from renting in the City of Melbourne. | Noted. When setting an affordable housing target account must also be taken of the deliverability of these homes. The target of 15 per cent is comparable with other Australian state capitals.

In addition, relevant studies have suggested that, ideally, permanently affordable rental housing should comprise between 10% and 15% of the total stock across a broad community geography, if that region is to satisfy the requirements of an inclusive, dynamic and sustainable community. This percentage relates to estimates of the sector of the community that is unlikely to access reasonable accommodation even under the assumption of a highly efficient housing market. (See SGS Economics & Planning Pty Ltd (2009) A vision and plan for social housing in Australia, report commissioned by PowerHousing Australia).

Goal 1 refers to 'at least 1721 affordable homes' and its adoption will not compromise delivery of a higher number. |
| 5 | 2. The TUV understands the City of Melbourne's focus on apartment construction in its strategy given the constraints on available land projections for population growth over the coming decade. However, we believe that this must take into account the differing needs and life stages of households. We agree with the City of Melbourne that there is a glut of one and two bedroom dwellings and a need for housing options with three or more bedrooms. The primary targets for rental apartments to date have been the single person and couple household. Households with dependent children remain largely excluded as there are limited housing options appropriate for families. Apartments sizes are inadequate and seem to be getting smaller. This lack of space, coupled with a lack of access to other amenities such as schools, continue to prohibit the City of Melbourne from nurturing the diversity it craves. | Noted. Issues covered in draft Housing Strategy.

The issue regarding space will be considered as part of Action 4 Victorian Apartment Design Standards. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. |

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| 6 | 3. The TUV is welcomes the strategy of inclusionary zoning. Inclusionary zoning helps to ensure low-middle income households are not priced out of the inner city and can still access services and employment opportunities offered by the inner city. Further, inclusionary zoning provides the necessary framework for the creation of mixed income neighbourhoods and potentially reduces waiting lists for public and community housing. Inclusionary zoning's relatively long history in Europe and its recent implementation in South Australia illustrate the strength of the strategy. Indeed, South Australia's policy of 15% of new houses being affordable has been very successful in increasing the supply of affordable housing in Adelaide. | Noted. No change required. |
| 7 | 4. Finally, the TUV believes that all rental properties should be governed by a set of minimum standards that ensure renters have access to not only affordable housing, but housing that is safe, healthy, energy efficient and financially manageable. | Noted. Rental conditions was an issue considered in Future Living and its community engagement. Poor private rental conditions was identified as a top 5 issue by only 23 per cent of participants during the Future Living consultation and is therefore not a focus for the Housing Strategy, particularly considering the City of Melbourne's limited . This issue, however, can explored through the development of Action 7 Good Housing Campaign and Action 8 Resident surveys. |

Women's Property Initiative

Key points

- WPI welcomes the goals and actions outlined in the draft strategy.
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- Encourages the City of Melbourne to develop a detailed implementation plan to ensure that this strategy does not become a well-intentioned but ineffective one.
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- Though this implementation plan must allow for some unknowns outside the Council's remit, it should include clear pathways, activities and responsibilities for delivering its goals.

Comment	Response
<p>1 We commend the City of Melbourne for the development of their Homes for People - Housing Strategy 20014-2018, and are pleased to submit our comments on the draft strategy.</p>	<p>Noted.</p>
<p>2 The research that informs the draft strategy reflects the experience of WPI in trying to access good quality, affordable apartments within the City of Melbourne to provide appropriate accommodation for long-term living.</p>	<p>Noted. No change required.</p>
<p>3 Recent driving down of quality in terms of apartment size, layout and amenity, including poor access to natural light, ventilation and private outdoor space, without any attendant reduction in purchase cost, has made it difficult to contemplate buying in the City of Melbourne.</p>	<p>Noted. No change required.</p>
<p>4 WPI welcomes the goals and actions outlined in the draft strategy.</p>	<p>Noted. No change required.</p>

5 WPI has, over the past few years, been involved with a number of municipalities in the development of their housing strategies. Generally, these plans have been well-informed and have proposed good strategies for dealing locally with issues of housing stress and housing affordability. Our observation is that these strategies have failed to be implemented in any systematic or effective way and have therefore fallen well short of delivering real benefit.

We understand the difficulties faced by City of Melbourne in progressing some of the stated actions, as they involve activities beyond the remit of Council. We feel, nonetheless, that a detailed implementation plan is lacking in the draft strategy and is needed to ensure that the actions can be achieved in practice.

We would welcome a final Homes for People - Housing Strategy 2014-2018 that spelt out clear pathways, activities and responsibilities for delivering the stated goals.

Noted. Action 11 Annual Reporting will track the specific progress of each of the 12 actions according to the implementation plan provided in the final Housing Strategy in an annual report to the Future Melbourne Committee. The need for further measurables and KPIs will be considered through ongoing engagement with stakeholders in the Housing Advisory Committee.

Professor Roz Hansen

Key points

- Congratulates the City of Melbourne in its bold endeavours to encourage more affordable, well designed and liveable apartment developments catering for a diverse range of household needs and household budgets.
- Delivery of *Goals 1 and 2* is vital in avoiding significant social and economic impacts on many Melbournians now and in the future.
- Supports the strategy's assertion that affordability issues will not be overcome by increasing housing supply alone and that government intervention is required.
- Encourages the use of measurable targets in assessing the strategy's success, particularly in increasing affordable housing supply.
- Emphasises the importance of development in Fishermans Bend making a significant contribution to affordable and family friendly housing stock.
- Questions the usefulness of development bonuses without mandatory controls from which to leverage off - encourages Council to introduce such controls in growth areas.
- Believes Ministerial authority of developments over 25,000 m² will have a significant impact on the implementation of *Action 2 Development bonuses*.
- Encourages the development sector to provide Council with information on the extent of inclusionary zoning's impact on development profits.
- Suggests different methods to be employed to determine proportion of affordable housing or other contributions.
- *Action 3 Inclusionary zoning* to be introduced with reasonable lead times to allow developers to adjust, with the developer then responsible for indicating this imposes' financial unviability.
- Cautions against design standards being one-size-fits-all, and that different standards be considered for different areas.
- Encourages Council to explore other ways of achieving inclusive vertical communities, such as owners corporation programs and shared spaces, facilities and services.
- Lack of reference to housing diversity, in particular family friendly apartments, is seen as a fundamental omission from the strategy.

Comment	Response
<p>1 I wish to provide comments on the above draft strategy document in my capacity as a resident of Carlton for more than 30 years and more recently as an owner/occupier of an apartment in South Carlton since 2000. I emphasize that the comments contained in this submission are my personal views and should not be attributed to any organisation that I may be involved with in my capacity as a planning professional.</p>	<p>Noted.</p>
<p>2 At the outset I would like to congratulate the City of Melbourne in its bold endeavours to encourage more affordable, well designed and liveable apartment developments catering for a diverse range of household needs and household budgets. I have long supported the need for more affordable housing in metropolitan Melbourne and believe that, unless there is some degree of intervention via the planning system to ensure this occurs, we will experience a growing divide between those that can afford to live within or close to Melbourne's CBD and those less fortunate being pushed out to outlying urban areas where there is a distinct lack of adequate community services and jobs close to home. Unless a more focused strategic approach is adopted I believe we also run the risk of designing apartments for a very narrow segment of the housing market (both in terms of price and household type) with poor levels of internal amenity and little, if any, public benefit derived from such development.</p>	<p>Noted.</p>
<p>3 With the anticipated continued growth in apartment development in the expanded Central City (including in key major urban renewal precincts) and elsewhere, it will be vital that new housing development delivers on Goals 1 and 2 in the Council's draft strategy. To do otherwise I believe will have significant social and economic impacts on many Melburnians now and in the years ahead.</p>	<p>Noted. No change required.</p>

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| <p>4</p> | <hr/> <p>The information contained in Chapter 3 of the draft strategy confirms the findings of other research addressing the housing sector throughout metropolitan Melbourne, namely that it is a myth that only by increasing housing supply housing will become more affordable. This laissez faire, free market driven approach tends to support the rolling out of new housing in outer area greenfield estates rather than addressing the issue of housing affordability within established urban areas, that is, more housing closer to where the jobs are located. Unfortunately Plan Melbourne does little to advance the delivery of affordable housing leaving it mainly to the marketplace to solve the problem. To date the private sector market operating under the current planning and fiscal regimes is unlikely to deliver more affordable housing, particularly whilst there is a very healthy investor demand for such property. A degree of intervention will be necessary and it is needed sooner rather than later.</p> | <hr/> <p>Noted. Issues covered in draft Housing Strategy. No change required.</p> |
| <p>5</p> | <hr/> <p>Hence I wish to congratulate Council in taking the lead on this important issue of affordable, sustainable and liveable housing noting that I believe there is also a role for social housing to be included in some of the actions contained in the draft.
My more detailed comments are as follows and I hope they are of assistance to Council.</p> | <hr/> <p>Noted. P47 of the draft Housing Strategy explains that social rented housing could form part of the affordable housing.</p> |
| <p>6</p> | <hr/> <p>Targets and the spatial distribution of targets
Setting targets enables Council and the wider community to quantify the performance of the strategy in terms of achieving its goals. I fully endorse the use of targets and Plan Melbourne had the potential to include more targets to deliver on the nine strategic principles. Perhaps there is scope for more specific targets in terms of the major urban renewal sites beyond that of affordable dwelling numbers e.g. targets for desired social, environmental and economic outcomes.</p> | <hr/> <p>Noted. Action 11 Annual Reporting will track the specific progress of each of the 12 actions according to the implementation plan provided in the final Housing Strategy in an annual report to the Future Melbourne Committee. The need for further measurables and KPIs will be considered through ongoing engagement with stakeholders in the Housing Advisory Committee.</p> |

7 I presume the target of at least 1721 affordable homes by the year 2021 is derived from the anticipated growth in the major urban renewal areas and growth areas. The map on page 19 shows the Council's Growth Areas but perhaps this map could be more detailed for each area in 'Chapter 4 - What are our goals' so that all landowners understand the locations/areas earmarked for the inclusion of affordable housing in new housing and mixed use developments. Also the numbers provided on the map currently show the expected number of total dwellings by 2021 and, where possible, the overall dwelling capacity of each area. Is it assumed that 15% of these new dwellings in each location will qualify as affordable dwellings? If so then the targets for each area in terms of new affordable housing units could be further refined on the map.

Noted. P 46 of draft Housing Strategy states that the target in our goal is based on 15 per cent of new dwellings estimated to be built between 2016 and 2021 which do not currently have a planning permit or are at an advanced stage of the development process.

Action 3 on P56 specifically states that the inclusionary zoning will apply to all Council's growth areas. The areas to which Action 2 Density Bonuses could relate are dependent on the future strategic planning for growth areas. As such, it is considered more appropriate to provide affordable housing targets for each area as the actions in the Housing Strategy are developed and supported by further information/evidence and consultation.

8 It will be imperative that the entire Fishermans Bend urban renewal area contributes significantly to the amount of affordable housing, including family friendly apartments and yet, at present, there is no indication from State Government as to what that affordable housing target will be and how it will be achieved. I hope this serious omission is dealt with accordingly by government.

Noted. Affordable housing requirements implemented through this strategy will apply to the Lorimer precinct of Fishermans Bend. Affordable housing requirements for the remainder of the URA in the City of Port Phillip are outside the scope of this strategy.

9 **Development bonuses** - It is difficult to apply development bonuses when the planning scheme does not have tools such as mandatory height limits, plot ratios or floor space ratios. What are you seeking to leverage off to award a development bonus if the planning scheme does not presently have such provisions in place? I question why the use of development bonuses is being only considered in the major urban renewal areas when it could equally be applied to the Hoddle Grid and other designated growth areas within the City of Melbourne. I despair when I hear of so many super towers within the CBD being approved by the current State Government without any requirement for affordable housing or provision of much needed community facilities within these developments. This situation represents, in my view, significant lost opportunities during an unprecedented apartment boom within the City of Melbourne as well as inner urban Melbourne generally.

Noted. Greater clarity to be provided on the implementation of Action 2 Development bonuses.

Development bonuses are only recommended in renewal areas where planning is still underway (such as Arden-Macaulay, Fishermans Bend and E-gate) providing the potential for more certain height/density/FSR controls from which to incentivise. Action 6 Higher Density Living Paper is also related to this in terms of considering greater controls. The action responds to the preference from industry stakeholders to incentivise affordable housing where possible.

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| <p>10</p> | <p>It is time for Council to impose various density and/or building height requirements across its designated growth areas to capture a net community benefit from the apartment market and deliver affordable housing to low income and lower middle income households. By having a suite of development bonuses Council would be able to negotiate with the developer as to the best mix of bonuses on a site-by-site basis thus delivering financial outcomes for the developer and public benefit outcomes for the community.</p> | <p>Noted. This is proposed to be considered through Action 6, the Higher Density Living Paper.</p> |
| <p>11</p> | <p>The application of development bonuses will have limited impact whilst the Minister for Planning has RA powers for new developments of 25,000+ sq.m in gross floor area. So the consistent, equitable and fair implementation of such development bonuses to facilitate the achievement of affordable housing targets will need to be accompanied by the removal of Ministerial approval powers under Clause 61.01 of the MPS in respect of this floor space threshold. This is a significant factor that could make or break the implementation of the draft housing strategy generally.</p> | <p>Noted. Review of the 25,000m² Responsible Authority threshold is outside the scope of the Housing Strategy.</p> |
| <p>12</p> | <p>Inclusionary zoning and other possible measures - Work undertaken by the University of Melbourne in its 'Getting to Yes' project http://msd.unimelb.edu.au/getting-to-yes indicates that inclusionary zoning is one of a number of tools that can be used to help deliver affordable housing, especially family friendly affordable housing. There is significant property developer opposition to the use of inclusionary zoning as it is argued that this is a cost impost on a development that can adversely impact on the financial viability of the project. It would be highly desirable for the developer community to provide information to Council to assist in understanding the extent/magnitude of the economic impact based on reasonable levels of profit derived from housing projects.</p> | <p>Noted. Issues covered in draft Housing Strategy. No change required.</p> |

13 The draft strategy refers to a working group report (Biruu, 2008) in terms of quantifying the increase in purchase cost of a dwelling if inclusionary zoning applied. It is advisable that a more up to date piece of research be undertaken on this matter as the data is 6 years old. This is needed to accurately quantify the current and likely future cost impost of inclusionary zoning requirements on a per dwelling basis.

Noted. The Biruu report stated that the cost of approximately \$3000 per apartment would not be material to those that can afford market housing and is likely to be swamped by other unrelated costs such as inflation and taxes. This figure will be subject to review in the development of Action 3.

Furthermore, evidence suggests that with sufficient land supply, a substitutable product and sufficient notice of inclusionary zoning, the affordable housing requirement will influence the residual land value rather than be passed on to the market housing.

14 Due consideration should be given to a sliding scale in terms of percentage of new housing being affordable housing. For example, a smaller housing development of say 100 units may have the financial capacity to absorb a lower percentage than 15% being affordable housing whereas a larger development may have the capacity to meet this requirement and even exceed it. Also different locations command different sale prices for new dwellings and this may need to be factored into the inclusionary zoning 'formula' as it will impact on the developer's bottom line.

Noted. A target of 15 per cent is comparable with other Australian state capitals and is considered to be appropriate in balancing the need to help provide affordable housing for some of these households while ensuring a good mix of housing and that development remains feasible.

Relevant studies have also suggested that, ideally, permanently affordable rental housing should comprise between 10% and 15% of the total stock across a broad community geography, if that region is to satisfy the requirements of an inclusive, dynamic and sustainable community. This percentage relates to estimates of the sector of the community that is unlikely to access reasonable accommodation even under the assumption of a highly efficient housing market. (See SGS Economics & Planning Pty Ltd (2009) A vision and plan for social housing in Australia, report commissioned by PowerHousing Australia).

It is therefore considered that 15 per cent is appropriate as a starting point for inclusionary zoning but consideration will be given to feasibility of development, as explained on P56 of the draft Housing Strategy. However specific details of how it could work and be implemented will be considered in the development of Action 3.

15 The introduction of inclusionary zoning will require a lead time to enable the developer to factor this obligation into the development feasibility study prior to actually purchasing the site. It is likely to impact on the purchase price of the development site. Usually the lead time will equate to at least a 2 to 3 year period for land purchase and project planning and hence a commencement date for inclusionary zoning will need to be established alongside transitional provisions. Furthermore, the onus of proof should lie with the developer to demonstrate to Council if the inclusionary zoning measure makes the development financially unviable rather than the developer claiming this is the case. A case may exist for lowering the percentage figure but the developer should be responsible for providing the figures to warrant such discretion and Council should allocate adequate resources for an independent and commercial in confidence assessment of this information. Council should also consider the developer paying for this independent assessment rather than the ratepayers of the city.

Noted. P53 and 56 of the draft Housing Strategy refer to viability and an open book approach as well as the London example where legal agreements link affordable housing provision to final sales revenues.

Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

16 Another approach may be to require all new housing developments (including mixed use developments with housing as an end use) of a stated number of dwellings or above to include a minimum percentage of such housing to be affordable rather than adopt the sliding scale approach mentioned above. With the emergence of super tower development there is a huge opportunity to secure some of that housing for affordable/social housing given that the cost of housing in these developments is currently not meeting the affordable housing criteria nor is it contributing to other public/community benefits beyond that of more rate revenue. In general, super towers are of a scale and density which is more likely to be able to absorb the cost of providing some of its housing as affordable housing and even social housing than smaller developments.

Noted. See above response(s).

17 Other tools should also be explored in addition to or apart from inclusionary zoning. This could include:

1. a cash contribution from the developer into a City of Melbourne Affordable Housing Fund which, in turn, assists funding of affordable housing on Council owned land or other government owned land either in a housing developer role or as a funding source for a housing association or the like;

2. a proportion of the standard development contribution from each development project (be it residential or commercial) into a Council managed affordable housing fund (which is hypothecated to deliver affordable housing on identified sites) with the remainder of the developer contribution committed to other public benefit projects;

3. fast tracking of urban amenity and infrastructure works in locations where affordable housing is preferred to be located as a means of value adding for the developer who, in turn, then apportions a percentage of this value uplift in the provision of affordable housing. This would be particularly suitable for the major urban renewal areas within the municipality;

4. transferral of the affordable development housing obligation to another site within the municipality (such as land within an urban renewal area) if it can be demonstrated by the developer that the cost of providing the affordable housing on the current development site will adversely impact on the overall viability of the project. The onus of proof would be placed on the developer and not Council to argue a sound case for transferral of obligation;

5. possibly transferring all or part of the affordable housing obligation into a public benefit such as the inclusion of a child care centre within the actual development or other community based facility where there is a demonstrated need for that facility.

18 There are other mechanisms which would require State and even Federal government support in terms of providing more affordable housing for a range of household types. These include low income housing tax credits, low interest loans, financing through urban renewal value capture etc. Council is encouraged to lobby other tiers of government for such fiscal measures in addition to density bonuses and inclusionary zoning.

Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

Noted. See above response(s).

Noted. This is outside the scope of the Housing Strategy. No change required.

Noted. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

Noted. The Housing Strategy is focussed on ways to deliver new affordable housing. Other mechanisms exist to plan for and fund other community infrastructure such as child care centres.

Noted. The Housing Strategy is focussed on achievable actions that the City of Melbourne can do within our local government role and sphere of influence.

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| <p>19 Apartment design standards - I endorse Council's efforts to improve the design and liveability of new apartments and note that it has been several years since the OVGA has been working on a new apartment living code but, as yet, it is not in operation. In the meantime the city is being overwhelmed with super tower developments of very average quality and average to poor amenity.</p> | <hr/> <p>Noted.</p> |
| <p>20 Whilst standards can be a good thing it is important that the standards do not seek to adopt a 'one size fits all' approach. For example, the issue of physical spacing between towers will be highly controversial, especially in the established highly urbanised areas such as the Hoddle Grid. Issues of fairness and equity arise when one developer who gets in early in the development process takes advantage of a building envelope which may then not be available to a neighbouring property owner who decides to also develop at a later date.</p> | <hr/> <p>Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.</p> |
| <p>21 I am of the opinion that different standards should be applied to different urban contexts and neighbourhood/place making outcomes. For example, in the major urban renewal areas there is scope to apply more generous spatial separation between towers because these areas are underdeveloped and earmarked virtually for wholesale redevelopment. In some respects we are starting with a clean canvas and so the ability to deliver precinct-wide benefits shaped by a vision for each of the four neighbourhoods within the major urban renewal area is both exciting and achievable.</p> | <hr/> <p>Noted. See above. Furthermore, this will be considered through the strategic planning of each area (for example through Structure Plans) and through Action 6 Higher Density Living Paper.</p> |
| <p>22 However in the Hoddle Grid and other highly urbanised environments the existing scale, orientation and design of development will severely limit the application of the same standards as applied in the urban renewal areas. A different context and place making approach will be needed to achieve the desired apartment living amenity and liveability outcomes suited to that location or context. This in no way suggests that issues of access to natural daylight, natural ventilation, acoustic privacy, communal and private open space etc should be unduly compromised in these locations but the extent of measures such as spatial separation may not be as generous as what applies in the urban renewal areas.</p> | <hr/> <p>Noted. See above response(s).</p> |
| <p>23 I wish to endorse the remaining actions 5 to 12 in the draft housing strategy. They are all integral to delivering affordable, sustainable and liveable apartments.</p> | <hr/> <p>Noted. No change required.</p> |

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- 24** However, I believe we can go further than these twelve (12) actions. I recommend that Council undertake research into how we can create inclusive communities within these medium rise and high rise apartment towers as part of the concept of vertical neighbourhoods. As an apartment dweller for the last 14 years I am very interested in ways that we can engage more with the people who live in our apartment buildings. What programs and projects can owners corporations initiate to connect with their residents and provide a caring, supportive and inclusive living environment? How can we improve the design of these apartment developments to facilitate a more inclusive community environment?
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- Noted. These suggestions will help inform the development of Action 6 Higher density living paper.
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- 25** This may include the provision of a shared laundry facility rather than individual laundry spaces in each apartment; a community garden on the roof space with shared clothes drying space; a small library where you can swap books, dvds, videos and cds; a 'get to know your neighbours' program about who lives on your floor and how you may help them especially if they are elderly, disabled or in need of some assistance when a fire alarm goes off or there is a heat wave. I would like to see as part of the assessment process for apartments the ways that the development can foster community support and a sense of caring be it by design, built-in facilities or community spaces, resident programs and other initiatives that will form part of the owners' corporation rules and obligations.
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- Noted. See above response(s).

- 26 A fundamental omission in the draft housing strategy is how to deliver housing diversity, that is different housing types for different household needs. The draft strategy notes the lack of family friendly apartments and many people assume that families do not want to live in apartments. This is a view that is changing rapidly with more and more young adults seeking apartments to raise a family. For them is it not about car parking and large floor areas per se but rather more communal space, larger balconies or decks and proximity to good quality urban amenities, parks etc. 'The Commons' development at 9 Florence Street, Brunswick is well worth a tour by Councillors to see how you can accommodate young families into apartment style developments and how apartment living is becoming more and more attractive to this demographic.
- Noted. The goals in the draft Housing Strategy were strongly informed by industry stakeholders and the wider community following the community engagement on Future Living. The engagement identified that a key plank of our housing aspiration, housing diversity, is best achieved through the provision of more affordable and better quality homes, rather than a goal in itself, as it had originally been positioned in Future Living.
- Requiring more three bedroom homes, for example, is unlikely to increase the diversity of housing available to families of shared households if they are unaffordable or poorly designed. Within each goal, therefore, lies a commitment to diversity. Affordable housing allows a range of diverse households to live in the city, while well-designed good quality apartments (for example well sized two bedroom apartments) allow a greater number of families or shared households or older people or people with disabilities to live in the municipality.
- Furthermore, the issue of diversity in terms of different apartment types (and building types) will be considered through the development of a number of the actions, including Action 4 the Victorian Apartment Design Standards, Action 6 Higher density living paper, Action 7 Good housing campaign and Action 8 Resident Surveys.
- 27 The draft strategy talks about affordable housing and improved apartment design etc but what is also needed is more apartments suitable for family living, extended family living and accommodation for the aged. We should be equally concerned about a strategy that ensures we deliver for these members of our communities and this may require further work to ensure the planning scheme and the tools to be introduced for apartments also address the provision of suitable and affordable housing for these groups in our communities. Should Council be requiring a percentage of new apartments in a development be of a specific size or design to be attractive to young families, families with teenagers and families with extended family members living with them?
- Noted. See above.
- The final Housing Strategy will, however, provide greater clarity with regard to the desired mix of affordable housing to ensure the affordable housing components of developments are not all one bedroom apartments. In addition, the further information will also be provided on inclusionary zoning in the final Housing Strategy, including the mix of affordable housing to be delivered. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.

28 I believe this is part of the housing narrative and the strategy does not, in my view, adequately address these concerns. We can no longer rely on broad zone objectives and other vague planning statements seeking a diversity of housing if we do not have the tools to ensure delivery of such diversity. Council needs to consider as part of its housing strategy appropriate tools and techniques to ensure that a diversity of apartment sizes and layouts are delivered to meet different housing needs, as well as different household incomes. At the moment there is a distinct lack of choice in the apartment market in the City of Melbourne and this is not just in terms of too many 1 and 2 bedroom apartments at prices to buy or rent that are beyond many people's incomes but there is a lack of apartments to encourage greater social mix and stronger community building. We are experiencing an apartment boom which is not only seeing the apartment sizes getting smaller and less affordable to rent or buy but also a lack of choice for those who want to live in well located apartments such as families and the aged. The strategy needs to address these issues too.

Noted. See above.

29 Finally I support many of the actions and ideas in the draft housing strategy but believe it can be further improved and hope that my suggestions assist the Council in this task.

Noted.

Kate Breen - Affordable Development Outcomes

Key points

- Submission focuses specifically on *Goal 1* and *Actions 1, 2 and 3* related to increasing number of affordable dwellings.

- Emphasises the important role government and the City of Melbourne can play in influencing and delivering affordable housing outcomes.

- Strongly supports *Action 1 Affordable housing on City of Melbourne owned land* , with consideration to the challenges of balancing financial objectives with social returns.

- Suggests CoM could consider an affordable housing trust or bond to support the not-for-profit sector.

- Believes *Action 3 Inclusionary zoning* will be the most effective way to increase affordable dwellings, coupled with advocacy to the State Government.

- CoM can take a leading role in engaging with the development sector and industry groups to better understand their issues and work towards implementing *Action 3 Inclusionary zoning*.

Comment

Response

- 1 I commend Melbourne City Council on developing an easy to understand, and action-led draft Housing Strategy. My comments relate specifically to the goal and related actions (1,2, & 3) to improve the number of subsidised affordable homes within the municipality.

- 3 As the Strategy recognises, the provision of affordable housing provides significant benefits to both individuals and society that go beyond a roof over one's head. I will not restate the extensive literature in this area, but will emphasis, as the Strategy does, the importance of government in influencing outcomes. In the case of MCC I suggest this should be extended to delivering outcomes.

Noted.

Noted.

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| <p>4</p> | <p>I strongly support the Council continuing to identify opportunities to use it's own land to deliver affordable housing outcomes (action 1). MCC has many opportunities to continue to be a leader in this area. Without knowing the specifics of recent sale arrangements such as Boyd High School, my experience indicates that a key challenge in delivering this objective is balancing the financial objectives of the organisation with these social returns. Delivery of this goal would be supported by Council considering with the support of sound economic modelling, the level of discount it may take for land it sells where an affordable housing component is delivered to then be applied when land opportunities arise. Other incentives could include density bonuses (if height restrictions are in place), fast-tracked planning processes.</p> | <p>Noted. Greater clarity will be provided on the 'Boyd High School style' model for Action 1 in the final Housing Strategy. Action 2 proposes density bonuses.</p> <p>Regarding the fast-tracked planning processes, it is considered that the City of Melbourne currently runs an efficient and timely process for considering planning permit applications within the required timescales given the complexity of applications.</p> |
| <p>5</p> | <p>Council could also look at how they could use their financial resources to support the not- for profit sector to purchase housing in the municipality (for example, a Housing bond or trust). This could be targeted at particular workers or family structures currently not catered for.</p> | <p>Noted. The draft Housing Strategy references the important role of Housing Associations/Community Housing providers. The draft Housing Strategy is supported by the Community Housing Federation of Victoria who consider that the industry is well placed to own/manage more affordable housing.</p> |
| <p>6</p> | <p>I suggest that MCC's role (p.20) should also include advocating to State Government for planning reform and funding support that facilitates affordable housing schemes. In particular, the action to include a 15% affordable housing requirement in the planning scheme for urban growth areas is highly commended and I expect to be the single most effective measure to increase the supply of affordable housing if delivered.</p> | <p>Noted. The City of Melbourne advocates to all forms of government through a range of measures, such as a submission to Plan Melbourne (including comments on a range of issues, including housing) and the Senate Inquiry into Affordable Housing. The Housing Strategy considers that the actions are a way of advocating to the Victorian Government - a number of the actions will need approval by the Victorian Government.</p> |
| <p>7</p> | <p>MCC will need to engage with relevant Government departments and other Council's to continue to advocate for inclusionary zoning to be implemented across Victoria and to work through the barriers that I expect will limit this action being successfully adopted on all but Council owned land.</p> | <p>Noted. Action 9 proposes Inner City Coordination to coordinate the successful delivery of local housing strategies with the Metropolitan Planning Authority, members of the Central Subregion and the Inner Melbourne Action Plan. Implementation of inclusionary zoning across Victoria falls outside of the scope of the Housing Strategy and responsibility of the City of Melbourne.</p> |

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| <p>8</p> <hr/> <p>In this regard, it is clear developers and industry groups are significantly and vocally opposed to inclusionary zoning being implemented, leading to a reluctance by State Government to implement (Plan Melbourne and the Fisherman's Bend Strategic Framework Plans being such missed opportunities). I recommend MCC look to how they can take a lead role in engaging with this sector to better understand the issues and work towards getting the industry on side if this action is to be implemented.</p> | <hr/> <p>Noted. Our Future Living discussion paper and draft Housing Strategy were developed with involvement and input from a wide range of industry stakeholders and the wider community. Further consultation with stakeholders and the community will be undertaken for many of the proposed actions.</p> |
| <p>9</p> <hr/> <p>I take this opportunity to note that I have recently received the AV Jennings Winston Churchill Fellowship to investigate the implementation of inclusionary zoning for affordable housing in the US, UK and Canada and would welcome the opportunity to share my findings with Council on my return (August 2015).</p> | <hr/> <p>Noted.</p> |

Angela Williams (individual submission)

Key points

• Supports apartment design standards and suggests inclusion of controls that require construction methods to allow for future conversion of dwellings.

• Supports more family friendly housing stock.

• Emphasises the importance of new schools to encourage family-friendly neighbourhoods.

• Questions timing of Housing Strategy release in relation to New Residential Zones and Council’s knowledge of existing land capacity for residential growth before approving new zones.

• Questions absence of reference to mixed use zones’ contribution to residential growth.

• Encourages a review of residential zones and heritage controls to complement any planning scheme amendments as well as introduction of mandatory height controls.

Comment

Response

RESIDENTIAL AMENITY, FAMILIES AND SCHOOLS

1 I support the move towards planning controls which will deliver improved residential amenity. I support more specific requirements in relation to minimum unit sizes and for access to sunlight, daylight and natural ventilation for all habitable rooms which far exceed that which have been approved by council and VCAT in the past 15-20 years.

Noted. No change required.

2 I support the focus on the provision of more family friendly housing stock, and family sized dwellings, and I concur with the important observation that families within a community are important for social sustainability.

Noted. No change required.

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| 3 | I note that both the amenity access and the provision of family accommodation have both been messages repeatedly sent to council by the community over many years. It is welcomed that finally, that the Draft Strategy notes that these are real issues that need to be addressed. It is indeed a shame that many of the buildings built in the past decade are likely to become the slum housing of the future. | Noted. No change required. |
| 4 | It is recommended that the Strategy makes reference to planning controls requiring that the construction technique demonstrates the ability for future conversion of residential apartments which contain studio and one bedroom apartments into larger units. This would be a condition on a planning permit which is then verified by the building permit process. Without such provision, the construction type may preclude such works, and thereby may condemn a sub-standard apartment to remaining sub-standard until the building is demolished. | Noted. The issues of flexibility and adaptability for apartments will be considered in Action 4 Victorian Apartment Design Standards. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. |
| 5 | With regards to infrastructure such as schools in connection with families, the draft housing strategy still appears to hold the planning for new schools somewhat at bay, stating that the lack of schools might be tempering the demand for family housing within the City of Melbourne. I consider that the emerging parents in our society are likely to be driven by sustainability of living close to their workplace, and these people are certainly more and more accustomed to apartment living. Government and local government are burying their heads in the sand if they ignore the need to provide for the educational needs of the growing inner city population. The longer this planning is put off, the more likely that adequate land will not be put aside for schools, and our children's children will be living in high rise apartments and going to child care, kindergarten, primary and secondary school also in high rise buildings with poor access to open space. This is not the vision I favour for my grandchildren. I would prefer planners setting aside adequate land and open space to enable children to run around outside, both within the community and within the school setting, and this planning needs to go hand in hand with any housing strategy. | Noted. The City of Melbourne actively plans for new infrastructure, including open spaces and schools, in our urban renewal areas through the development of Structure Plans and subsequent planning scheme amendments. Action 9 Inner City Coordination in the draft Housing Strategy refers to the need to connect housing to infrastructure delivery, including the provision of new schools. The Victorian Government, however, is responsible for the delivery of new schools. |

6 I object to the Draft Housing Strategy containing the words “luxury item” when describing second bedrooms in relation to affordable housing. Surely affordable housing is also about housing for more than just singles and couples, where second bedrooms presumably are a necessity, not a luxury.

Noted. P29 of the draft Housing Strategy refers to second bathrooms, not second bedrooms, as potential luxury items.

RESIDENTIAL ZONES

7 The Draft Housing Strategy was released AFTER the Residential Zones matter was considered by Council, and indeed was not referred to in the officer’s report on the Residential zones, despite the planning practice note 78 from DTPLI directing councils to plan their growth via MSS and housing strategies. This seems a little like putting the cart before the horse.

Noted. P18 of the draft Housing Strategy states Homes for People concentrates on new housing in our growth areas where the majority of new housing will occur. Most of these areas are zoned, or will be zoned, Capital City Zone or Mixed Use Zone. As such, the strategy does not cover the implementation of the residential zones.

8 The Draft Strategy clearly demonstrates that in the urban renewal areas and Hoddle grid areas alone, there is sufficient housing growth for up until 2031. Certainly within the City of Melbourne, our urban renewal areas, identified within our Municipal Strategic Statement and supported in Plan Melbourne, have sufficient land for new housing to accommodate the projected population growth. These central city growth areas can accommodate over 80,000 new homes which will more than accommodate the projected housing growth in the future of over 45,000 new homes by 2031.

Noted. Councillors have been briefed regularly throughout the development of Future Living and the draft Housing Strategy. Both Future Living and the draft Housing Strategy were approved for consultation by the Future Melbourne Committee. P19 of the draft Housing Strategy refers to the percentage of new housing expected to be within our growth areas (86 per cent) and the proposed residential zones (14 per cent).

Were Councillors aware of these statistics when they made decisions recently about the new residential zone changes? Certainly Councillors told the Future Melbourne Committee when considering the application of new Residential Zones that application of the NRZ, requested by many, would “lock neighbourhoods up” and this would mean that the City of Melbourne would not be able to deliver the growth which was required for our increasing population.

10 The Draft Strategy clearly states that the growth areas for housing in the municipality are directed to the urban renewal areas and the Hoddle Grid. It is extraordinary that Councillors would be making such statements in light of the statement regarding “more than adequate growth” noted in the central city growth areas in the Housing Strategy.

Noted. See above response(s).

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| 11 | The Draft Strategy makes NO reference to the contribution to residential growth of the mixed use areas which make up a significant part of the municipality, and where a significant amount of housing growth has been occurring in the past 20 years and will continue to occur. As these areas are rapidly becoming predominantly residential, it seems odd that the strategy does not refer to these. | Noted. See above response(s). |
| 12 | I note that the Municipal Strategic Statement states that many residential zones are stable and are to have limited growth, and consistent with the MSS, the Draft Housing Strategy makes reference to the areas as Stable with low housing growth. Homes for People concentrates on new housing in our growth areas (our urban renewal areas and the Hoddle Grid) where the majority of new housing will occur, as identified in our Municipal Strategic Statement (see figures 2.2 and 2.3). These areas offer significant development opportunities for new high density housing. As such, this strategy does not cover the implementation of the new residential zones within the Melbourne Planning Scheme, most of which is designated as 'stable' residential areas with low housing growth. | Noted. |
| 13 | The changes which Council endorsed in many instances were at odds with community expectations, and were framed without this housing strategy being consulted upon, or being made available, or even referred to as a piece of work which may influence the decision about the zones. By the proposal to introduce a widespread application of the General Residential Zone, Council is imposing moderate growth areas where the MSS clearly states these areas were stable, with limited growth. The application of GRZ is therefore at odds with both the MSS and the Draft Housing Strategy. | Noted. See above. The application of the new residential zones is outside of the scope of the Housing Strategy. |

TIME TO INTRODUCE CHANGE AND TO GET THINGS RIGHT

- 14 The Strategy states in relation to more rigid controls over amenity provisions in residential units: There are currently over 17,000 apartments under construction or with a planning permit and likely to be constructed in the municipality by the end of 2016. It is considered, therefore, that there is sufficient supply to accommodate the growing population in the short term which offers time for the industry to adjust to the actions and potential changes to the planning scheme proposed in this strategy without damaging supply or reducing affordability further.

I consider that if there is sufficient time for the industry to adjust to changes to controls for amenity provisions, then there is also time to comprehensively review and ensure that our residential zones are right, and that heritage streetscapes and precincts are protected by the appropriate zoning.

Noted. See above. The application of the new residential zones is outside of the scope of the Housing Strategy.

MANDATORY HEIGHT CONTROLS and HERITAGE

- 16 I would support the introduction of more mandatory height controls, which the Draft Strategy makes reference to. The Draft Strategy correctly notes that mandatory controls provide clear messages and guidance in relation to development outcomes, and mandatory height controls delivered by the NRZ are exactly the mechanism which is required to protect the City of Melbourne's existing housing stock within the valued heritage precinct areas.

Noted. Issue covered in draft Housing Strategy. No change required.

John Joyner (Melbourne Planning Outcomes)

Key points

- Contends that apartments under 50m² with good access to light and natural ventilation are preferable to 50m² dwellings without these design features - also more affordable.
- Has lived in an apartment with a borrowed light bedroom - rooms without windows can be valuable spaces, though they should be the exception not the rule.
- Negative assumptions about small apartments and borrowed light bedrooms are ill-founded and ignore the important role they play as affordable accommodation for key workers.

Comment	Response
<p>1 Thank you for the opportunity to make a submission. As you may be aware by the name, I was a Town Planner for the City of Melbourne from 1991 to 2007. In that time I drove a significant component of the original Postcode 3000 program and approved many of the office conversions and apartment developments in the CBD, North / West Melbourne and other Melbourne suburbs. I have subsequently spent the last five years as Planning Coordinator for the City of Manningham and drove the approval of most of the larger apartment development in the Doncaster Principal Activity Centre. I now work privately as “Melbourne Planning Outcomes” and supporting the private sector through the planning approval process, with residential development a significant component of my project base.</p>	Noted.
<p>3 In addition, I lived in the Melbourne CBD for 6 years from 2004 to 2010 in three apartments, one of which I own and hope to live in for half the week in the coming years. This apartment and the last apartment I lived in (1305 / 225 Elizabeth Street) are the examples I wish to use in my submission regarding Unit size and the issue of “borrowed light” in bedrooms.</p>	Noted.

4 Attached is a copy of the plan of the unit I own and lived in for 15 months from 2005 to mid 2006. It is Unit 1316 at 339 Swanston st (Opposite the state library). This unit is 36 sqm. This apparently is a substandard unit which should not be approved. I wish to disagree. It features large north-facing windows to both the living area and the bedroom to great cbd views. The openable windows ensure good ventilation. The unit is very quiet as I have no neighbour on the adjoining wall to the east and never heard noise through the floor, ceiling or any party wall. There is no car space of course but in this location what fool would want to own one?

Above all, it is in the all-time unbeatable location when it comes to enjoying all Melbourne has to offer. Trams on the doorstep in eight directions, atop Melbourne Central station, shopping / jobs you don't need to be told about. Within limits, it is not the size, it is how it is handled, and I would take this unit any day over the two-bedroom units across the hallway that only face an internal lightwell.

6 But here is the real point: I bought this unit for \$169,000. I was a humble banded town planner for Melbourne Council who dreamed owning an apartment in the city one day. And this was the unit that gave me that chance. The first CBD apartment I lived in was more upmarket (705 / 33 Wills st) - two -bedroom two bathroom and car space (car space I rented to a student in the building for \$160 per month cash in hand - car park never more than half-full even though it only supplied 75% of the total dwelling numbers of the wills tower / wills court buildings it serves). The unit below mine came on the market back in 2005 for \$380,000. Lovely unit in a great spot that I enjoyed, but at that time even as an investment with creative mortgage broking I would not have had a chance.

7 But this unit, (with creative mortgage broking I assure you) I got in. And I thoroughly enjoyed the 15 months I spent there and hope to redeploy it again as a midweek residence. To be realistic though, when my uni-student daughter moved in, it became too small and I needed something more private for both of us. So I was fortunate to find 1305 / 225 Elizabeth st (the Nova building diagonally opposite the GPO corner Little Bourke and Elizabeth.

Noted. The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often, but not always, linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and, if required, 12.

Further consultation on Action 4 the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.

Noted.

Noted.

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| 9 | <p>This unit faced south (far preferable to north-facing - unbearably hot) and had two bedrooms. One was a large master-bedroom adjoining the dual-access bathroom and had floor to ceiling south-facing glass with a magnificent view along Elizabeth St and the CBD skyline. The other bedroom was immediately in on the right from the hallway entry door and had no windows. The only natural light came from an opaque glass panel in a sliding door which "borrowed light" from the kitchen / living area. And it was not a large room - maybe 2.5m by 3.0 metres at best.</p> | Noted. |
| 10 | <p>Out of respect for my daughters privacy she got the "good bedroom" (private bathroom access was its big plus). So for two years I slept in this small, windowless bedroom. And it was absolutely fine. I did in fact cover the opaque glass panel with cardboard because I cannot stand the intrusion of natural light when I am trying to sleep. In my last year in the apartment when I and my partner did take the larger bedroom I had to sleep with a headband over my eyes.</p> | Noted. |
| 11 | <p>This intimate knowledge of what apartment bedrooms are like has informed my assessment of them in subsequent practice. Put simply, just because a room does not have windows does not mean it is not a perfectly valuable space. Depending on the size of the household (many of which will contain one-person) they can be used for any number of functions. With this in mind, I react when I see them mis-named as "studies" (particularly to avoid being counted as a bedroom for parking calculations) when this is one activity you cannot do in there. When I have to spend hours at a time at the computer (a big component of my life) I need aspect and window access. But sleeping is the one thing you can do in such a room very successfully. It was better than the "Real" bedroom by far in this regard.</p> | Noted. |

- 12 So if I was able to show you this apartment (it could be arranged) I would tell you the following with regard to the smaller room:
- Is it a perfectly valuable space - YES!
 - Does it allow me to utter the phrase "It's ok, you can crash at my place" - YES!
 - Would I sooner have the space than not have it at all - YES!

Noted.

- 16 As an example I subsequently approved an apartment building (now completed and inspected) at 7-11 Berkeley Street, Doncaster around a third of which have the notorious borrowed light bedrooms. Attention was paid at the time with regard to the continuum of VCAT cases on the subject. In short, and I agree, as long as they are the exception and not designed from the ground-up as the norm, when a designer is just trying to rationalise a floorplate and a minority have such a room, they are perfectly acceptable.

Noted. Good housing design is essential if we wish to create sustainable, liveable and resilient communities. Good design will create buildings that make a positive contribution to a neighbourhood and provide homes which make a positive contribution to people's general health and well-being. P36 of the draft Housing Strategy refers to evidence from the Department of Health in the UK which identified access to natural daylight as a definable characteristic of the home that contributes to health.

During the community engagement on Future Living, the issue 'A lack of natural light and air' was one of the top seven housing issues for both City of Melbourne residents and those living outside of the municipality.

A VCAT decision at 58-66 La Trobe Street stated that using affordability as an argument does justify reducing amenity to a bare minimum.

Required design and amenity standards should be based on a reasonable quality level for the people that will live in each home. SEPP65 and the Residential Flat Design Code in NSW requires that daylight is provided to all habitable rooms.

- 17 7-11 Berkeley Street directly adjoins the Westfield Doncaster Shopping Centre. Whatever you or I think of the units with borrowed light, the key workers of Westfield (the Dick Smith franchisee, the waitress at the coffee club, the cleaning staff) look at such a unit and are glad that thanks to this new housing stock they don't have to live in a house in Boronia or possibly not have to run a car.
- Noted. See above.
- Furthermore, housing affordability and design quality are interdependent and are both required for the long term sustainability and liveability of Melbourne. Other global cities, such as Hong Kong, Singapore, London and Sydney require developments to deliver affordable and well-designed new housing.
- 18 This leads to my concluding remarks. For all the discussion I have heard about the need for minimum apartment sizes and the eradication of "borrowed light", the one group that seems to have no voice in the debate are the people who are most likely to occupy these units. This is all about the middle-class, who will never actually live in these new units, whose views regarding what is acceptable are filtered through the lens of the person with the widest range of options.
- Noted. See above response(s).
- 19 But what about the people who do our dry-cleaning, stack our supermarket shelves and drive our cabs? When do they get a voice in this discussion? The elite should not be simply allowed to stand in their way and say "you need me to protect you from yourself". They are looking for an affordable dwelling in a good location relative to employment (with amenity of course).
- Noted. A wide reaching conversation on housing was conducted in 2013 on our discussion paper Future Living with over 700 participants. While 'Key workers' such as clerical, admin and hospitality workers, drivers and labourers were more concerned with affordability issues, they were also more likely to support adoptions such as introducing minimum storage sizes and improving the flexibility and adaptability of new homes. Action 8 Resident Surveys will provide an ongoing means of incorporating the views of our residents in policy decisions. Affordability must not be at the expense of design quality and the lasting legacy for Melbourne. A commitment to ensuring everyone can enjoy a good quality of life, now and into the future, underpins the Housing Strategy. No change required.
- 20 The following should be the test as part of the standard regarding what is acceptable:
- Where could a Band 6 Town Planner working for Council live in the City of Melbourne on their own?
 - Where could two Band 5 Town Planners live, presuming they each have a bedroom? (Here's a clue, it sure isn't South Yarra or Carlton, and sadly it probably isn't West Melbourne or Kensington any more either).
- Noted. The Housing Strategy is based on a thorough evidence base, including a range of background documents as stated throughout the draft Housing Strategy. No change required.

20 The test of any good city, and it is a test Melbourne has largely prided itself on, is what the city can provide for the poorer of its citizens, and its key workers on working incomes, not just the elite. A vibrant, inclusive City will make room for them. I am so glad it made room for me. I will be forever grateful and I love my small apartment. I look forward to continued involvement in this project. Thank you for this opportunity.

Noted.

Alexander Lugg (individual submission)

Key points

• Supports *Action 1 Affordable housing on City of Melbourne owned land* and encourages a 20% target to be achieved, pointing to the QVM redevelopment as an excellent opportunity.

• Outlines views on each Action. Generally supportive and offers further considerations.

• Ensure clear language and measurables around new policies.

• Partner with universities and research bodies.

• Bring forward implementation of inclusionary zoning.

• Recommends additional actions are required for improving the amenity of existing buildings as well as considering solar access.

Comment

Response

1 Action 1: The Boyd School model of development, wherein 20% of housing was reserved for affordable housing, is an excellent example of how the City of Melbourne can demonstrate true leadership by providing for residents of all social backgrounds. Including a 20% target for all future developments on land owned by the City of Melbourne so that the City can continue to provide for people from a variety of different backgrounds would ensure that Melbourne continues to be the vibrant and culturally dynamic city that it is today.

Noted.

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| <p>2</p> | <p>The redevelopment of the Queen Victoria Market, for example, provides an excellent opportunity for the City to show leadership in the provision of affordable housing for its residents and workers. In order for the City of Melbourne to continue to have the character that attracts creative and thoughtful people, the Boyd model must be more than merely considered; 20% affordable housing should be a requirement of all future developments. Reinstating this requirement would be positive for the cultural life of the City of Melbourne and be of long-term social and economic benefit (as a desirable living environment will help maintain land and housing values).</p> | <p>Noted. Greater clarity will be provided on the 'Boyd High School style' model for Action 1 in the final Housing Strategy.</p> |
| <p>3</p> | <p>Action 2: This action is well intentioned but is currently somewhat misleading. The use of the word 'bonuses' may be misconstrued as a cash payment and therefore the action should be renamed. These incentives should also be tightly proscribed to ensure that developers, and indeed the wider community, are absolutely cognisant of what is required and be written in such a way to prevent appeals being upheld by tribunal.</p> | <p>Noted. The phrase 'density bonus' is common and well known language used around the world to explain the proposed action. Greater clarity to be provided on the implementation of Action 2 Development bonuses.</p> |
| <p>4</p> | <p>Action 3: Inclusionary zoning must be begin earlier than the timeline provided in Homes for People to have any meaningful impact on the anticipated development of growth areas in the City of Melbourne, particularly brownfield redevelopment sites Arden Macaulay, E-Gate and Fisherman's Bend. The Minister for Planning should be asked to impose interim controls requiring inclusionary zoning over these areas.</p> | <p>Noted. Action 3 Inclusionary Zoning is proposed to begin at the start of the 2015/16 business year (July 2015) as a new Action in the City of Melbourne's Annual Plan if the Housing Strategy is adopted by the Future Melbourne Committee. The action needs to be approved by Council in the Annual Plan before work can commence.</p> <p>Sufficient notice is required for inclusionary zoning so that developers can factor the cost of inclusionary zoning into the land price of a site, rather than being passed on to the end users or meaning development is not economically viable.</p> |
| <p>5</p> | <p>Action 4: These design standards are good. They appear to be an attempt to ensure that less quantifiable measures of housing standards are included in any future developments. To ensure that these measures can be effectively applied and that developers are unable to circumvent them, it is important that they be written very clearly into the planning scheme.</p> | <p>Noted. Further consultation on Action 4 the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.</p> |

6 Moreover, rather than being written as guidelines, they should follow international best-practice, as demonstrated by the City of Sydney, and be made mandatory. The City of Melbourne could also provide incentives for developers to meet and exceed these standards rather than taking a purely punitive approach.
Less positively, it is also concerning that these standards have been developed without any public consultation.

Noted. Further consultation on the Victorian Apartment Design Standards will be conducted by the Victorian Government before the standards are finalised. The standards help implement Initiative 2.1.5 of Plan Melbourne 'Improve the quality and amenity of residential apartments'.

7 Action 5: A ratings tool is an excellent idea that should be incorporated into delegates' assessment of development applications. Council should also publish rankings tables of developers and developments so that both the community and industry can compare them. These ratings could also be applied retrospectively to enable the community better context for understanding the ratings system.

Noted. These suggestions will help inform the development of Action 5 'Ratings tool'.

8 Action 7: Clear measures of success are necessary to enable an effective evaluation of the relative success of the good housing campaign. They should be agreed upon at the outset of any campaign. Ideas that inform the campaign could also be used to inform delegate's assessments of applications.

Noted. These suggestions will help inform the development of Action 7 Good housing campaign.

The promotion of innovative and cooperative housing is excellent, but to ensure its effectiveness Council should actively invest in these housing programmes.

9 Action 8: To ensure that surveys are of a high quality and well designed, Council should partner with planning and urban studies scholars at institutions such as the University of Melbourne and RMIT. This will also help build a research record that with those institutions, which is vital to securing future research funding from national funding bodies like the ARC. Surveys should have a reach that represents all residents in the municipality, rather than those who take a particular interest in these matters.

Noted. These suggestions will help inform the development of Action 8 Residents Surveys. The City of Melbourne is currently partnering with the University of Melbourne on a Transforming Housing project on family friendly affordable housing. The City of Melbourne is also currently considering a request to fund an ARC Linkage research bid from RMIT 'Infill multi-household developments: Project HOME (Housing Outcomes Metrics and Evaluation)'. Project HOME will evaluate housing quality both the individual household level and the aggregate building and precinct level. A proposed element of the project is to survey residents in multi-household developments.

10 Action 9: Great idea.

Noted. No change required.

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| 11 | Action 10: The Housing Advisory Committee is a great idea. However it could be improved by the inclusion of representation from tertiary institutions in the municipality and direct student representation. This will help the Committee access a real demographic representation of the community of the City of Melbourne, which is essential to a highly functioning committee that represents the needs of all residents. | Noted. These suggestions will be considered in the development of the Housing Advisory Committee. |
| 12 | Action 11: Annual reporting will help maintain housing standards within the City of Melbourne if done properly. For example, Key Performance Indicators (KPIs) need to be agreed upon and clearly written into the final version of the Housing Strategy to ensure that annual reporting is meaningful. The method assessment of these KPIs will also need to be clearly enunciated for reporting to be effective. | Noted. Action 11 Annual Reporting will track the specific progress of each of the 12 actions according to the implementation plan provided in the final Housing Strategy in an annual report to the Future Melbourne Committee. The need for further measurables and KPIs will be considered through ongoing engagement with stakeholders in the Housing Advisory Committee. |
| 13 | Action 12: Council should consider the amenity of existing buildings as part of City of Melbourne design standards and how it is impacted by the construction of new buildings nearby. | Noted. The impact of amenity on existing buildings will be considered through Actions 4 Victorian Apartment Design Standards and 12 City of Melbourne Apartment Design Standards (if required), particularly in relation to privacy, daylight and outlook. |
| 14 | Additional actions: It is concerning to see that solar access has not been considered by the draft strategy. Not only does this have a huge influence over the quality of life of all residents, but the increasing popularity and use of residential solar panels means that it will become a growing economic issue for residents as well. Please consider addressing this directly. | Noted. Solar access in terms of sunlight in apartments will be considered through the development of Action 4 Apartment Design Standards. Solar access regarding solar panels is currently being considered through a specific planning scheme amendment process as it relates to all uses rather than just residential. |
| 15 | Thank you to Council for providing the opportunity to give feedback on this important strategy. It is really important for the community to be able to take part in an initiative such as this. | Noted. |

Marcus O'Reilly (individual submission)

Key points

- Questions the use of 50m² as a minimum apartment size in the context of large demand for single occupancy dwellings.
- Argues that setting minimum apartments sizes will not help solve sustainability or affordability issues, rather emphasis should be placed on requiring other amenity improvements.

Comment	Response
1 I was wondering about how the recommended 50 m2 figure came about?	A minimum floor space of 50 m ² for a one bedroom apartment is the standard in many cities including Sydney, Adelaide and London. To develop the standard, each type of room was planned around the furniture required and activity and access requirements. The gross internal area is the cumulative total of room areas plus an allowance for circulation and partitions. An excellent explanation can be found in Appendix 1 in the London Housing Design Guide.
2 As I see it, in Melbourne family houses were historically about 10 – 12 squares, for Mum , Dad, and 2 1/2 kids. These were houses where people lived in them much more during the day, unlike today where a sole occupant or couple may be out of the house working and using the house in the evenings, mostly. Those archetypal 1950's suburban houses averaged 102 m2 , measured to external walls, for 4 ½ people, or 22 m2 each.	Noted. Some rooms (such as a kitchen), storage and circulation space is required irrespective of how many people live in a property, albeit the size of such rooms can change. It is therefore not appropriate to simply split the total floor area by the number of people.
4 Now, we have a huge yet unmet demand for sole occupant housing , (40 % of the market demand, according to DHS figures of 2013), yet there is a call to more than double the area per person. This, too, is when we are not building in the spacious new suburbs of the 1950's but instead right in the CBD.	Noted. See above response(s).
5 Further, building those suburban 50's houses was cheap and simple. Building in the growth corridors is still cheap and simple, but not sustainable, nor does it necessarily provide good quality of housing nor social connections. Building in the city centre now is not cheap nor simple, but is sustainable. This is partly why a m2 of residential space is going for about \$10 000/m2.	Noted. No change required.

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| 9 | Still, by mandating minimum sizes there is effectively a call to make a 37m2 studio apartment now cost \$370,000, and see a 50m2 one bedroom apartment cost \$500000. | Noted. The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and 12. No change required. |
| 10 | Thus, it seems on the face of it, that the minimum space proposal does not help solve any sustainability issues, nor any affordability issues, instead it will make those issues more of a problem. | Noted. P50 of the draft Housing Strategy highlights the importance of both affordability and design quality for the sustainability and liveability of Melbourne. The combination of increasing affordability issues and increasingly smaller apartment sizes refutes claims that affordability can be achieved by building smaller and smaller homes. The expectation that a development can have more, smaller dwellings can increase land value which in turn promotes even smaller dwellings. Given the need to create balanced communities for diverse households, this is not a formula for the long-term social sustainability of Melbourne. |
| 11 | The minimum space requirement demonises compact efficient building , when a compact apartment appears to provide a sustainable and an affordable option that meets a huge demand. | Noted. According to research in Future Living, well-designed small apartments are the exception rather than the rule.

It is not the intention of any standards to remove the ability of developers to innovate. Standards can be introduced which still allow for, and promote, innovation. The draft NSW Apartment Design Guide, for example, includes sufficient flexibility and outcome based criteria to encourage innovation and new technologies. |
| 12 | It seems sensible to set design requirements to improve solar orientation, daylighting , ceiling heights, access to the outside air, thermal performance , acoustic performance, low embodied energy construction techniques, mandating facilities for bikes and share cars and so on, working on inclusionary zoning, activated roof tops, with garden spaces, and to have them as at least the equal as the issue of minimum sizes . | Noted. Issues covered in draft Housing Strategy. No change required. |
| 13 | Of course the other issue is to do with siting to avoid wind tunnel effects and so on, which are not covered, and are hard to cover by being them being so site specific. | Noted. These issues will be further explored through Action 6 Higher density living paper. |

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| <p>14</p> | <p>It seems then that it is not helpful to make minimum space the headline grabber, rather than taking a more holistic approach to the problem.</p> | <p>Noted. The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and 12. No change required.</p> |
| <p>15</p> | <p>An development option where it can be demonstrated that other factors such as good solar access, activated roof spaces with communal gardens, basement storage lockers, bike storage, good balconies, good aesthetic appeal to the building and a whole host of other positive factors may well mitigate the need for an overly large and thus expensive apartment size. This concessional approach, where size (quantity) is traded against quality could allow a practical way of providing better quality affordable housing.</p> | <p>Noted. See above response(s).</p> |

Ewan Ogilvy (individual submission)

Key points

- Submission focused on the planning scheme's capacity to deliver good environmental outcomes.

- Points to the housing strategy's goal to achieve high environmental standards, complementing local policy Clause 22.19 Energy, Water and Waste efficiency.

- Argues that this policy is ineffective due to its requirements not being mandatory. Also, that ESD Statements are not always submitted with permit applications and development plans.

- Without a stronger regulatory environment, other Council initiatives will struggle to achieve their desired outcomes.

Comment	Response
<p>1 This submission is concerned with the following central question: will the current Planning Scheme deliver a quality environmental performance?</p>	<p>Noted.</p>
<p>2 Through good design, construction and operation, new buildings can have a significant impact in reducing greenhouse gas emissions, water use and waste production. The City of Melbourne has recently introduced an Energy, Water and Waste Efficiency local planning policy (Clause 22.19) into the Melbourne Planning Scheme that seeks to ensure that all new buildings, including residential developments, achieve high environmental standards, p 42 of Draft Housing Strategy'</p>	<p>Noted.</p>

<p>3 This Local Policy has been in place for over twelve months; it was introduced in April 2013. From an examination of Planning Permit Applications and Ministerial Planning Referrals addressed by the FMC Committee during the first half of 2014, several observations are in order ...</p> <ul style="list-style-type: none"> • the requirements and provisions of this policy are NOT mandatory [Officer Report wrt TP-2013-960] ESD Statements, prepared as part of the application process, must demonstrate that the building has "the preliminary design POTENTIAL to achieve the relevant required Performance Measures ..." <p>That is, a lower performance target is acceptable ... so long as the POTENTIAL exists to achieve the required performance! [Officer report wrt TPD-2014-7]</p>	<p>Noted.</p>
<p>5 • ESD Statements, although "required" are not always submitted. The revised application for The Age site was received by the MCC six months after the introduction of the policy ... but, there was NO statement. For a mega project that included four towers [from 67 to 90 levels] and OVER 2,800 units, such an omission was extraordinary.</p>	<p>Noted.</p>
<p>6 • in a similar vein, Development Plans [eg for Batman's Hill] do not require ESD statements ... "sustainability issues or opportunities will be considered as part of a detailed planning permit application for the individual stages of development." [Officer report wrt TPM-2014-9] But WHY? ESD matters ought to be considered at the EARLIEST opportunity ... if they are to be taken seriously.</p>	<p>Noted.</p>
<p>7 The inescapable conclusion from this brief analysis is that the Energy, Water and Waste Efficiency local planning policy (Clause 22.19) will guarantee VERY little. It is difficult to see how the laudable objectives of the Council's Zero Net Emissions by 2020 report will be implemented when the regulatory environment is so weak. This report acknowledged at page 26 that "Implementation of a scheme mandating environmental performance ratings for large residential buildings" needs to happen. I agree. Unless the regulatory environment is strengthened, many of the other important environmental initiatives being taken by the Council [like the Smart Blocks initiative] will struggle to achieve the desired outcome.</p>	<p>Noted. P40 of the draft Housing Strategy refers to the need start building better quality more energy efficient apartments. Action 4 the Victorian Apartment Design Standards can help achieve this by requiring more daylight/sunlight, natural ventilation etc. The environmental performance of residential buildings and apartments can also be considered in Action 5 Ratings tool and Action 7 Good housing campaign to help raise awareness about well-designed energy efficient homes.</p>

Comments from feedback forms

Submitter	Type	Comment	Response
Marcus D	Goals	<p>I currently rent in Southbank, and cannot believe how many new apartments are being built that are 1. ridiculously over-priced, and 2. ridiculously small. Even the 2 bedroom apartments do not remotely consider people who wish to have children.</p> <p>The pricing is not going down because they're all being bought by foreign investors. It's out of control and needs to be fixed. Australian families are suffering here.</p>	Noted. See p. 31 draft Housing Strategy - Investors have a dominant influence on the (lack of) housing mix and quality. p36 of draft Housing Strategy refers to importance of size, including for families. No change required.
missleeder	Goals	Stop developers having free rein to produce tiny, crap apartments that get bought by foreign investors. Bring in space standards and bring in public housing.	Noted. Issues covered in draft Housing Strategy. No change required.
missleeder	Actions	<p>Too much rubbish is now getting built in Melbourne-its at risk of losing its high liveability status. the new apartments getting built-either they are foreign owned, and often sit empty (how much of the dockland apartments are owned but not occupied?!), or else people have to squeeze into tiny little apartments, with one bedroom often only having borrowed daylight. how much have we regressed that we now accept these standards? can we not adopt some sort of minimum standards such as Parker Morris space standards-these allow people to live in high density urban spaces happily, because they have enough space in their own homes to relax. today's rubbish does not allow this to happen. planning laws dictate so much of what architects can build, yet here is something absolutely vital to decent architecture and social well being that has no regulation-absurd and ridiculous!</p>	Noted. Actions 4 and 12 in the draft Housing Strategy propose standards to improve the quality of new apartments. No change required.

missleeder	Strengthen actions	Set decent space standards, and have a minimum provision of affordable housing on any one site. publicise social housing again-open it up to a variety of architects who can actually design, for councils to build, not leave it up to private developers only interested in profit margins.	Noted. Issues covered in draft Housing Strategy. No change required.
Gab83	Goals	Minimum apartment sizes need to be introduced urgently. With nothing but investor only and student only apartments that are not suitable for occupation by residents, Melbourne CBD is destroying its unique character and liveability, as well as driving out residents into outer suburbs. Starting price for a 1 bedroom apartment of 50m2 should not be \$400k! yet the increasing availability of smaller 'entry level' apartments of <30m2 for which no funding is available is resulting in a severe glut of properties and destabilising Melbourne property market.	Noted. P36 of the draft Housing Strategy highlights the importance of apartment size. Apartment sizes will be considered through draft Actions 4 and 12 on improved standards. No change required.
Gab83	Actions	Apartment design must be improved. Support retrospective imposition of standards on all property developments. Should restrict availability of investment only or student only properties.	Noted. Refer to Goal 2 to improve the design quality and environmental performance of new apartments. No change required.
Gab83	Strengthen actions	Caution consultation with residents of modern developments - by definition these appeal to students who sometimes are able to have parents buy property. Does not reflect local standards/expectations of those who have been forced out of inner city.	Noted. No change required.
Jerome Paul	Goals	Density limits, minimum dwelling sizes and enforceable height limits should be worked on as a priority for new developments.	Noted. Issues covered in draft Housing Strategy. No change required.

rohan storey	Goals	<p>Without direct intervention, there will be no opportunity for low and middle income earners, who may well be vital to the city's economic health, to live in the inner city. WE can afford to make our city a more equitable place.</p> <p>Without specific controls on quality, market forces are likely to create low quality product, serving only short term interests, rather than long term well-being of occupants and city as a whole.</p> <p>A high level of awareness will help potential purchasers and designers make better decisions, but unless some standards are enforced, quality and choice will likely decline.</p>	Noted. Issues covered in draft Housing Strategy. No change required.
rohan storey	Actions	<p>Relying only on Council owned sites will not achieve significant numbers. As stated, development bonuses can only apply where there are restrictions - bring back plot ratio and bonus system !</p> <p>Or simply require a % of units to be affordable.</p> <p>Design tools and ratings standards, and presumably the 'paper' first, sound good, but need to take into account that developers will find ways to work around them....</p> <p>Interviewing residents should up the top shouldn't it ?</p> <p>The Inner Melb Regional Housing Strat went nowhere, and what would a Council HAC actually do ?</p> <p>Yes report annually of course. Did anyone report annually on the IMRHS?</p>	Noted. Issues covered in draft Housing Strategy. No change required.
rohan storey	Strengthen actions	<p>Work with all the the IMHRS councils or at very least Yarra and Port Phillip, to adopt this strategy or something similar, so that you can all lobby the State Govt. to create and apply standards and address affordability. City of Melb should not be doing this alone.</p>	Noted. Refer to Action 9 'Inner city coordination'. No change required.

rohan storey	General	<p>Great start, pity something like this wasn't done 10 years ago.'</p> <p>I also note that the Minister for Planning is the responsible authority for everything over 50,000msq in CBD and Docklands and Fishermans Bend (and Arden McCauley?) and so is largely responsible for the current situation amongst highrise.</p> <p>A Strategy will mean nothing without strong State Government support, unless the Minister cedes power to a committee (councils and state govt reps?) or cedes power altogether.</p>	<p>Noted. The Minister for Planning is the responsible authority for applications over 25,000sq.m in the City of Melbourne.</p> <p>Issues covered in draft Housing Strategy. No change required.</p>
ChrisBlack	Goals	<p>Excellent to see housing affordability given such a high profile - there is no doubt more housing WILL be built in Melbourne, but unless it is affordable for people across all income spectrums we will end up with a community that is exclusive rather than inclusive and all sorts of social problems will follow. If anything would like to see a higher target for Goal 1 given growth figures for the population. We already know homelessness is a problem, and it will only get worse if greater affordable housing is not provided.</p>	<p>Noted. Issue covered in draft Housing Strategy. No change required.</p>
ChrisBlack	Actions	<p>All very sound and address the multiple and complex issues that are involved in provision of affordable and environmentally sustainable housing.</p>	<p>Noted. No change required.</p>
ChrisBlack	Strengthen actions	<p>Important that increasing the design standards for housing does not create further cost barriers to the provision of affordable housing. Needs to be a balance between the 'ideal' and the 'affordable' in this mix - otherwise the problem of affordable housing in inner Melbourne will only be exacerbated.</p>	<p>Noted. Issues covered in draft Housing Strategy. No change required.</p>
ChrisBlack	General	<p>As a capital city Melbourne clearly has a leadership role in the development of coordinated and complimentary initiatives in surrounding municipalities. Would be great to see initiative 9 also consider how to address homelessness and insecure housing at this broader level, as the two are strongly related.</p>	<p>Noted. Homelessness considered in City of Melbourne's Homelessness Strategy Pathways. No change required.</p>

Phobiafourteen	Goals	I think that affordable housing in Melbourne is a much bigger need than will be met by not even 2000 homes. I know many who are unable to move closer than Frankston and yet still need to commute for work and study. More needs to be done; the housing market is ridiculously and impossibly expensive for low-income earners.	Noted. Issue covered in draft Housing Strategy. No change required.
Phobiafourteen	Actions	I understand that this is a task that will involve a lot of planning, but I fear the amount of planning means that problems won't be solved for another ten years. Greater Melbourne is also in need of help.	Noted. Issue covered in draft Housing Strategy. No change required.
Phobiafourteen	Strengthen actions	There needs to be more treatment of Greater Melbourne (up to 50km from the city) in terms of affordable dense housing. If we cannot move into the city, where can we go? Everything between Frankston and the city is too expensive and there is no provision for poor young people needing to carve their independence.	Noted. This is outside the scope of the Housing Strategy. No change required.
Phobiafourteen	General	I think it is good progress, but I believe a great deal more needs to be done to accommodate students and low-income families across the wider Melbourne area.	Noted. This is outside the scope of the Housing Strategy. No change required.
Tatjana Medvedev	Goals	Provide adequate public spaces gathering places and community amenities	Noted. Two planning scheme amendments are currently being progressed by the City of Melbourne, a Development Contributions Plan and increased Public Open Space levy. Though integral to achieving liveable communities, developer contributions for infrastructure sit outside the scope of the Housing Strategy.
Tatjana Medvedev	Actions	Make it popular and public the debate the outcomes and participation	Noted. Refer to Goal 3 to foster a high level of awareness and knowledge around good housing outcomes. No change required.
durz	Goals	Subsidised housing is not a real solution. The same price for housing is still paid even if it is not directly borne by the low-moderate income resident. It does nothing to address the causes of excessive housing costs.	Noted. Issue covered in draft Housing Strategy. No change required.

durz	Actions	Subsidised housing is not a real solution. The same price for housing is still paid (or more, in the cases of incentivising or forcing developers into "affordable housing") even if it is not directly borne by the low-moderate income resident. It does nothing to address the causes of excessive housing costs.	Noted. Issue covered in draft Housing Strategy. No change required.
Fiona	Goals	Goal 3 is crucial to the success of the first two goals - if you do not know you are eligible for "affordable" housing, you will not apply for it and there is the perception that "affordable" housing is of very poor quality and will cost a lot to heat and cool.	Noted. No change required.
Fiona	Actions	The use of architects is always a concern, especially when they are combined with property developers. The architects seem to put ego and the idea of creating an "eye catching, unique" building ahead of functionality and long term aesthetics.	Noted. Issue covered in draft Housing Strategy. No change required.
Fiona	Actions	(continued) The "ARK" building at 243 Bridge Rd, Richmond is a perfect example of property developers and architects coming together to build unliveable apartments - the apartments are too small to live in - the one bedroom apartments are smaller than the one bedroom apartments at Quest in Lennox Street Richmond and the Quest apartments are not for living in - the "Ark" apartments occupy prime real estate in Richmond and the entire site has been wasted - I was looking forward to living in one of these apartments and was very disappointed to find you could not live in them and own possessions at the same time - either you have a few, very small pieces of furniture and a small number of clothes etc or you don't live there.	Noted. No change required.
Fiona	Strengthen actions	Ensure that, regular, everyday people, who have lived in poor quality apartments oversee the actions/decisions of the architects and property developers. You only have to view newly built apartments anywhere in inner Melbourne to see that architects and property developers have no idea, and have no interest in, what apartments require to make them liveable.	Noted. Issue covered in draft Housing Strategy. No change required.

Fiona	General	This is a crucially important strategy. The incidence of homelessness (often hidden) is very high and those that aren't homeless, but suffering severe financial stress relating to keeping a roof over their head is very, very high. We shouldn't allow our inner suburbs to become home to only the very wealthy.	Noted. No change required.
k72	Goals	good design and affordable housing for singles is very important. regardless of their stage in life. It is impossible to rent a place as a single in Melbourne for less than 40-50% of my income!	Noted. No change required.
k72	Actions	make sure that there is incentive to developers to make rental property affordable. people are greedy, so you have to give them something. i think a strategy to address a basic size, position and amenities outcome for each new development is essential. or else we'll continue to have overpriced poorly designed apartments sitting empty and people homeless on the streets.	Noted. Issues covered in draft Housing Strategy. No change required.
k72	General	Make access to low income housing or alternative housing strategies (such as communal housing) easier. there are a lot of people on low income who are not classified as 'homeless' but still want to own or rent an affordable house in the city, who also contribute to the culture and society within the CBD. Why aren't there more housing co-operatives for inner city dwellings? communal apartments with some shared amenities that are more private than a house share with a dodgy landlord? Make it easier for co-operatives/people to collectively buy land/develop an apartment as a group instead of a developer or single landowner.	Noted. Issue covered in draft Housing Strategy. No change required.
PD	Goals	Don not forget the young, part time workers trying to keep their heads above the water	Noted. No change required.
JP	Goals	Moderate support is ok. Heavily subsidised housing creates and perpetuates a welfare culture.	Noted. No change required.

Analya	Goals	I am a single mother and have been in housing commission for 6 years and it is a terrible environment for my little girl would love to be able to afford something somewhere else but like many other good people in my position can't so I really think this is a great idea! ??	Noted. No change required.
B	Actions	Need minimum sized apartments. -they are too small	Noted. P36 of the draft Housing Strategy highlights the importance of apartment size. Apartment sizes will be considered through draft Actions 4 and 12 on improved standards. No change required.
Anna Louise	Goals	Too many committees and 'raising awareness' exercises can lead to wasted resources. Consultation is integral to this strategy but needs to be monitored to ensure it does not become too much of a 'talkfest'. I do believe that there is a need for subsidised housing. However, a mixed model with tax incentives for landlords would seem more sensible to me than solely government sponsored housing. If relying totally on the government there is the risk of ghetto like areas forming. Subsidised housing interspersed with non-subsidised may lead to a healthier outcome and more integrated society.	Noted. Issues covered in draft Housing Strategy. No change required.
Anna Louise	Actions	Please be wary of yet more 'nanny state' tendencies. There are many of these in Australia. So again I think these are all good ideas provided they are focused on action and not just a talkfest. If the word stakeholders is used too much that is a good sign that it is becoming an exercise in meetings and committees rather than getting things done!	Noted. No change required.
Mark Connellan	Goals	The luxury of city living should be for individuals who can afford (themselves) to do so NOT for those who cannot. This sounds uncaring but should be a simple fact of life - you want, you work for it.	Noted. No change required.
Mark Connellan	Actions	The CoM seem fixated on 'do good' gestures and forgets who actually funds these gestures... Implementing 'design standards' is simply another romance with red tape, let the current design rules and the market dictate what is built.	Noted. Issue covered in draft Housing Strategy. No change required.

Mark Connellan	Strengthen actions	Wasting resources (both time and monetary) on these concepts is simply that a waste - you can't improve concepts that are fundamentally flawed.	Noted. No change required.
Mark Connellan	General	Yes - Dump them.	Noted. No change required.
philipthiel	Goals	Goal 2 is unhelpfully preoccupied by apartment size, claiming that it is "fundamental to a resident's quality of life." While some sections of the Draft Strategy show an awareness of the complex ways in which the quality of an apartment can be measured, most of the sections about apartment quality deal primarily with size, and do so simplistically. My partner and I very happily live in a two-bedroom apartment of approximately fifty square metres, despite the Draft Strategy's insistence that we must be unhappy. This is because the apartment has large windows, a good layout, a central location, a sense of community within the building and a lot of character.	Noted. The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and 12. No change required.
philipthiel	Goals	The Draft Strategy's wrong-headedness about apartment size extends to its insistence that the demand for such apartments comes only from investors. This is not true, as they are also in demand by owner occupiers like us who wish to purchase an affordable first home.	Noted. Issues covered in draft Housing Strategy. No change required.
philipthiel	Goals	(continued) Finally, the notion that "family-friendly three bedroom apartments" should be mandated because of the benefit of "mix" does not account for the many other reasons that larger families in greater Melbourne generally choose not to live in the highest-density sections of the city. Irrespective of apartment size, the downtown areas of Melbourne will remain most attractive to young adults with few or no children, who - if three-bedroom apartments spring up in high-density settings - will simply share them with their friends.	Noted. The draft Housing Strategy does not propose a mandatory number of bedrooms. No change required.

philipthiel	Goals	(continued) The extent to which the Draft Strategy eschews evidence in favour of pure speculation about the future demand from other types of families - eg "the provision of new infrastructure...may increase the demand for family friend dwellings" - is unhelpful and wrong-headed. The preference of small families for high-density locations should be reflected in the types of apartments that are built there, as is already the case in Melbourne as well as other major cities around the world.	Noted. Refer to Goal 3 to foster a high level of awareness and knowledge around good housing outcomes. No change required.
PK	Goals	Design quality should be based on performance criteria rather than arbitrary minimum sizes. A small well designed apartment is better than a large inefficient poorly designed one.	Noted. The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and 12. No change required.
PK	General	The strategy must consider impact on housing affordability. Families are not the dominant household type in the inner city. Basing a housing strategy on an out dated ideology of everyone having/wanting 2.3 children is cliched. The supply of three bedroom apartments does not exist because demand has proven the need is low.	Noted. No change required.
kieran	Goals	Goal 1: 1721 needs to be higher. 35% of all new developments should be affordable.	Noted. The 15 per cent affordable housing target is considered an appropriate first step in introducing a new mechanism such as inclusionary zoning. The figure is comparable to other Australian capital cities, and with a staged implementation strategy, will allow for the development industry to factor in new requirements in their economic feasibility assessments. The target will be subject to review throughout the development of the action, as well as through ongoing feedback during its implementation. No change required.

kieran	Actions	3. Rent in the city of Melbourne has doubled over the last few years to the point where it is now increasingly unaffordable to live here. 35% of new developments should be affordable to low income earners.	Noted. The 15 per cent affordable housing target is considered an appropriate first step in introducing a new mechanism such as inclusionary zoning. The figure is comparable to other Australian capital cities, and with a staged implementation strategy, will allow for the development industry to factor in new requirements in their economic feasibility assessments. The target will be subject to review throughout the development of the action, as well as through ongoing feedback during its implementation. No change required.
kieran	General	Bedrooms in Apartments need to be larger, airtight and have access to proper natural light and not just a "light well". There also needs to be higher development subsidies so that new infrastructure can be built to service these new residents.	Noted. Issues covered in draft Housing Strategy. No change required.
Luke	Goals	Design quality is subjective. People who don't like living in small apartments do not have to live in them. I like them and want more of them. 1700 affordable homes is way too many. Melbourne city council is not a closed system. People who cannot afford to live in it are not obligated to live in it. Any incentive to the developers is an effective tax to all the current residents.	Noted. Issues covered in draft Housing Strategy. No change required.
Luke	Actions	The inner city high rises are some of the cheapest buildings to buy within 10km of the city. They are small, that's why they are cheap. We need them to stay that way. Please do not institute minimum sizes.	Noted. The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and 12. No change required.
Luke	Strengthen actions	They can be removed	Noted. No change required.

Luke	General	Melbourne is the highest-growing centre in Australia. This is a good thing. People are voting with their feet that they want to live here. Why would you try to break that?	Noted. Issues covered in draft Housing Strategy. No change required.
Navalsandy	Goals	<p>Create three more CBD's - the South East. , the West and the North West. Give permissions for multi-storey buildings in these areas.</p> <p>Redevelop older buildings in CBD to multi storeys.</p> <p>Invite major trade headquarters to set up their offices in here.</p>	Noted. This is outside the scope of the Housing Strategy. No change required.
clezpa	Goals	<p>I believe affordable, high quality and great performance homes are possible, and the concepts can work together. The Passivhaus standard has been applied very successfully in both the UK and Germany (and elsewhere) and provides high quality homes that cost very little to run while ensuring great indoor environment and occupant health. This should be explored as a priority! Green Star, SDS and STEPS tools do not always result in a high quality outcome that delivers performance. NATHERS is also a tool that does not ensure robust outcomes, being applied at design stage only. Complimentary tools to ensure a high quality community environment, such as One Planet Living, can also be employed.</p>	Noted. These suggestions will help inform the development of Action 5 'Ratings tool'.
clezpa	Actions	<p>All of these action items are important, as long as the outcomes are carefully considered and targeted towards the best outcome for the residents and the wider community. This includes environmental outcomes, such as reducing energy use and providing for healthy communities (e.g. walking, outdoor play, incidental exercise areas). The input to the scheme should call for experts in all areas.</p> <p>The consideration of Affordable Housing should not compromise quality and high efficiency dwellings, which will reduce ongoing operational expenses for occupants.</p>	Noted. No change required.
clezpa	General	A great start with great potential.	Noted. No change required.

KristyG	Goals	It's an excellent idea to help those who need it, trying to force people further away from the city is not the answer. Well done on setting these goals. I also agree that it's important to focus on the design of these homes - a well-designed apartment can be smaller in size, but big on functionality.	Noted. No change required.
KristyG	General	It's so important to keep families and other non-typical city dwellers in the city.	Noted. Issue covered in draft Housing Strategy. No change required.
Katherine	Actions	More housing for International students in the CBD as they brings lots of money and tourism	Noted. Issue covered in draft Housing Strategy. No change required.
Katherine	Strengthen actions	We don't understand them. especially zoning	Noted. Greater clarity will be provided on inclusionary zoning in the final Housing Strategy. Specific details of how it will work and be implemented in the City of Melbourne will be considered in the development of Action 3.
Mahesh Iyer	Goals	The goals are all very good ones and very desirable to achieve. However some of these goals will be mutually exclusive. For example it is difficult to imagine how one can provide well planned housing stock with really good amenities to the low and middle income earners in the city centre at an affordable price point. Even the people who are prepared to pay good money do not get such housing ! Another issue that I can immediately see out of such an exercise is the investors and people who can actually afford to buy deserting the city because it is viewed as a place catering for the low and middle income earners with no perceived benefit for others.	Noted. Our affordable housing and design related goals are interdependent. See p. 50 of draft Housing Strategy. Achieving these goals will be essential in ensuring our housing stock meets the diverse needs of our residents into the future. No change required.
Mahesh Iyer	Actions	All my comments have been provided in the blurb above. I have a lot more to say in this space but do not have the time to write it down here.	Noted. No change required.
nishta	Goals	Low income earners do not get loans easily from the bank for obvious reasons, so these people should be able to have something that they could proudly own if they wish to .	Noted. No change required.

nishta	Actions	The houses to be built should adhere with all the regulations as we are all aiming towards an environmental friendly world	Noted. No change required.
nishta	Strengthen actions	If people are buying those houses they should be able to own it not taken away from them at any point	Noted. No change required.
4thchicken	Goals	improving apartment housing options, particularly would encourage more people to move into central activity areas.	Noted. No change required.
4thchicken	General	<p>high rise apartment living in still a relatively new concept for Melbourne. Unfortunately many older developments were of poor quality and have put many people off considering apartments as viable alternatives to more traditional housing.</p> <p>There is also too large a gap between house and apartment sizes for many people to consider the switch/apartments as an option. Complexes consisting purely of larger apartments (70+sqm for 1br, 100+sqm for 2 br etc) aimed specifically at residents that wish to consider long term apartment living rather than investors/students/downsizers with large communal areas (non-gym/pool) should be encouraged</p> <p>Would strongly support greater building standards and any push for larger apartments</p>	Noted. Refer to Goal 2 to improve the design quality and environmental performance of new apartments. No change required.
Damman	Goals	Maybe look at smaller sized apartments to bring down affordability for lower income earners. Look at the amount of area some city like Hong Kong or Singapore have to work with. 40sqm for a 2 bedroom apartment 60sqm for a 3x2 + maid/study. If Australia can adopt some of these designs it will greatly reduce the cost of housing for many people.	Noted. The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and 12. No change required.

Damman	Actions	Australia had been too stuck on the design of big rooms, and big living areas, maybe it is time to take a look at designs in other country to see how they maximize land use and how they solve the population problems. The time for big land, big backyard are over, it is time to look at how to get the most out of the resources you have.	Noted. Issue covered in draft Housing Strategy. No change required.
manojlovski	Actions	Need more info about transport	Noted. This is outside the scope of the Housing Strategy. No change required.
manojlovski	Strengthen actions	Make them more relevant	Noted. No change required.
manojlovski	General	I like it. As long as it gets actioned	Noted. No change required.
RAT	Goals	Absolutely need to have more control of design of apartments in the city, need to be energy efficient, good sound insulation and with good access to facilities. Housing needs to be affordable for all ages.	Noted. Refer to Goal 2 to improve the design quality and environmental performance of new apartments. No change required.
RAT	Actions	Good design, consultation with stakeholders and educating the community key factors in the plan	Noted. Refer to Goal 3 to foster a high level of awareness and knowledge around good housing outcomes. No change required.
RAT	General	Can only hope that sufficient funds and time are set aside to implement these strategies	Noted. A detailed implementation schedule will be included in the final Housing Strategy.
Emerald	Goals	Affordable housing is an issue I am passionate about. Good design is key to living in a small space and feeling comfortable rather than cramped. Just because I am on a low income does not mean I wish to sacrifice important details like functionality and quality of housing. An increase in good, stable and affordable housing goes a long way to improving any community and the mental health of the people who live in it. I am happy to hear of such a project in Melbourne and wholeheartedly support it's goals.	Noted. Our affordable housing and design related goals are interdependent. See p. 50 of draft Housing Strategy. Achieving these goals will be essential in ensuring our housing stock meets the diverse needs of our residents into the future. No change required.

Emerald	Actions	<p>Education is key to empowerment and empowerment and involvement in ones community. Strategies such as a Housing Advisory Committee and a campaign to help raise awareness of good housing can only help improve housing outcomes.</p> <p>Being a long term renter I am quite aware of the lack of a rental standards guideline. I have seen many apartment buildings built so quickly and cheaply in my area and often have an engineering friend point out all the faults and failures in brand new complexes while I am lamenting about the poor design. I hope that an Victorian Apartment Design Standards coupled with a ratings tool for new housing would remove some of the nasty surprise from renting a new place while increasing the quality of new places being built.</p>	Noted. Issues covered in draft Housing Strategy. No change required.
Emerald	Actions	<p>(continued) I also fully support the redevelopment of existing sites for affordable housing. I see this as an opportunity to keep ties with the heritage of the space and community, creating high density housing with individuality and personalty that the inhabitants can be proud to call home, rather than depressing cookie cutter blocks that all look the same and soulless. Too often we rush in and demolish our history in favour of "something modern" and "something new", rather than breathing new life into the history that already stands before us. I know that the community around me is happy to see an old building added to and repurposed, where as they are angry to see old building demolished and replaced with run of the mill "modern" dreary nonsense.</p>	Noted. No change required.
Maria Georgiou	Goals	To make sure its a safe environment, where people feel secure.	Noted. Issue covered in draft Housing Strategy. No change required.
Maria Georgiou	Actions	To create a design that gives the individual some privacy and security. To have plenty of cameras for added security.	Noted. Issue covered in draft Housing Strategy. No change required.
Maria Georgiou	General	The modern housing looks well designed. Colour makes the buildings more relaxed, where as grey can appear somber.	Noted. No change required.

tj	Actions	<p>-affordability must be prioritised over minimum apartment sizes -size does not determine quality -good design can't be achieved simply by applying a few crude rules</p>	<p>Noted. Our affordable housing and design related goals are interdependent. See p. 50 of draft Housing Strategy. Achieving these goals will be essential in ensuring our housing stock meets the diverse needs of our residents into the future. No change required.</p>
torninho	Goals	<p>Housing affordability is likely to emerge in future as the critical issue facing both local and state governments. There is likely to be a tension between current and future generations about what housing should look like. The City of Melbourne has an important role to play to ensure that the views of young people and future generations are represented in considerations that shape the future availability and suitability of housing.</p>	<p>Noted. Issues covered in draft Housing Strategy. No change required.</p>
Dmo_1978	Goals	<p>My opinion is that Melbourne housing is under performing from an energy consumption point of view, whilst we have 6star minimum requirements, builders are still able to use single glazed cold section aluminium windows. In today's Market double glazing and even thermal break double glazed products are affordable and will reduce the need or use of heaters and air conditioners by up to 83%. In turn combined with good wall, ceiling, floor insulation you end up with a very comfortable peaceful healthy home/apartment. The risk of condensation is drastically reduced, in turn reducing damage to architraves, plaster, carpets and mould development. The money spent up front pays itself back through saved expenses on heater/air conditioning costs and maintenance. With the costs of living growing so rapidly the ability to spend much less on your bills for running a home will benefit everyone. Everyone deserves to be warm in winter and cool in summer, this is a great opportunity for those who need help for a period of their lives.</p>	<p>Noted. Refer to Goal 2 to improve the design quality and environmental performance of new apartments. No change required.</p>
Dmo_1978	General	<p>I would love to be involved in any discussions, proposals, information sessions etc.</p>	<p>Noted. The City of Melbourne is committed to ongoing engagement with all stakeholders.</p>

Ha Tho	Goals	<p>There is a massive problem for people who struggle with access to affordable housing esp people with chronic mental health opiate dependencies and recently released from prison</p> <p>Women who have these issues but also experience violence in the home are even further marginalised</p>	Noted. No change required.
Ha Tho	Actions	Absolute minim should be 15% affordable housing my pref would be closer to 30%	Noted. Issue covered in draft Housing Strategy. No change required.
Tilly	General	regulate new development better so unsustainable development I not so easy	Noted. Issue covered in draft Housing Strategy. No change required.
Eli	Goals	<p>We are architects our client group includes Housing Associations and Not for Profit Organizations who provide housing support for low income residents. The housing associations have very large list of residents in need for their services, many of these could reside within the City to improve their chance of employment.</p> <p>Also there is a group of about 120 homeless within the CBD at anyone time. They are at risk and in need of accommodation.</p> <p>The City of Melbourne has very limited availability of social housing. Social housing is an essential service.</p>	Noted. Issues covered in draft Housing Strategy. No change required.
sophiedyring	Actions	Other models in addition to the Boyd model must be studied.	Noted. Issue covered in draft Housing Strategy. No change required.
sophiedyring	Strengthen actions	We don't need a million rules to follow, perhaps more focus on education with some incentives to adopt different practices.	Noted. Issues covered in draft Housing Strategy. No change required.

benmitchell	Goals	<p>Design quality should encompass not just a quality fit out but also fitness for purpose. My family would love to consider living in the city but apartments are so small as to be rendered uninhabitable for Australian living standards. Bedrooms should at least be able to fit a queen sized bed with walking space around the bed.</p> <p>More time can be spent looking at utilising space smarter with clever storage solutions.</p> <p>Surrounding amenities also need to be factored. If a park or similar is not adjacent, a dog walk/garden area on the roof should be considered. Small pets are part of many families and should be welcomed into apartment lifestyles.</p>	<p>Noted. Issues covered in draft Housing Strategy. No change required.</p>
SRG	Goals	<p>I only somewhat support Goal 1 because it depends on where these properties will be situated and whether or not they will be clustered or mixed throughout developments throughout the municipality. I don't think such affordable housing should be clustered, but rather incorporated with possibly existing and new developments.</p>	<p>Noted. P46 of the draft Housing Strategy states that the affordable housing should preferably be provided in mixed tenure developments of private market housing and affordable housing to help ensure socially mixed and diverse communities. Affordable housing will be focussed in our growth areas to capture an uplift in land values. No change required.</p>

Pam Crook	Goals	<p>I regularly visit families living in public housing - mainly high rise in Collingwood and Richmond but also walk ups in Richmond and Fitzroy.</p> <p>I see, first hand the challenges of living in these flats in terms of fundamental basic housing requirements - security, design internally and externally, energy efficiency, health and safety.</p> <p>I would like to see as a fourth goal in the housing strategy, an improvement in the design and environmental performance of established public housing.</p> <p>It could be a really effective way of involving and empowering the community who are daily challenged by their domestic surrounds and living conditions with often deleterious impact on their health, safety and well being. * BZE have published a very comprehensive guide to building and retro fitting existing buildings - at it's launch at Melbourne University the Professor of Architecture stated that the BZE publication should be a compulsory text for all architecture students.m</p>	<p>Noted. Public housing is the responsibility of the Victorian Government and therefore falls outside of the scope of the Housing Strategy. No change required.</p>
M	Goals	<p>Melbourne is in the process of turning into a future slum city when the current very small apartments age badly, when they are no longer new and shiny, when their poor build quality makes them un-sellable and people see them for what they are..... high rise housing commission apartments of the future.</p> <p>The only way to manage or restrict this damage is to improve the design quality and size of new apartments. Minimum design standards need to be decided upon and implemented asap so that future apartment developments are habitable in the short, medium and long term. The design standards should not be developer driven but Council driven to ensure good quality housing not just cheap housing.</p>	<p>Noted. Refer to Goal 2 to improve the design quality and environmental performance of new apartments. No change required.</p>
M	General	<p>Show some guts and stand up to the developers. Council would have more respect if they did this and stopped receiving donations from developers.</p>	<p>Noted. No change required.</p>

ThomasR	Goals	I believe the first two goals are the most critical. The third will come from the community starting to see improvements in the first two goals over time.	Noted. No change required.
ThomasR	General	As a former Docklands resident I am aware of the importance of good residential design in the inner city. I also believe that equity in inner city housing availability and affordability is fundamental if Melbourne is to remain an inclusive and diverse city.	Noted. Issues covered in draft Housing Strategy. No change required.
Sketch	Actions	I would support a minimum amount of GIA for one and two bedroom apartments.	Noted. P36 of the draft Housing Strategy highlights the importance of apartment size. Apartment sizes will be considered through draft Actions 4 and 12 on improved standards. No change required.
Lucy	Goals	These goals are somewhat 'motherhood statements; against which it is difficult to object. However, unless these are backed by mandated requirements and absolute compliance with conditions, Melbourne CC could miss the chance to be a world leader in making their city great for all people.	Noted. Issues covered in draft Housing Strategy. No change required.
Lucy	Actions	<p>#1 Disappointing to see that the previously indicated target of 20% of affordable housing on Council land has been dropped. The Vic Mkt site is a great opportunity for the City to lead the world and make a real boost in affordable housing - preferably above 20%.</p> <p># development incentives for excellence should be protected by tight prescription in the planning schedule so that they survive VCAT and clear operational rules to prevent gouging by developers who grasp the incentive and then deliver poor apartments.</p> <p>#3 The delays on implementing this is at odds with the push to deliver the inclusion zones. If these are not implemented ASAP, they are just nonsense. As there will be some delays in implementing, it is most important that interim controls be introduced immediately to avoid a rush to the bottom.</p>	Noted. Issues covered in draft Housing Strategy. No change required.

Lucy	Actions	(continued) #4 While cooperation with the OVGA is to commended, the overall design and amenity (e.g. cross ventilation and natural light) is of greater importance. Also, the use of 'standards' is concerning and must be replaced by mandatory rules. The City's approach should be that the Melb is a great city and it is an honour to build a development here. All developments should be judged on whether they provide amenity suited to such a great city.	Noted. Issue covered in draft Housing Strategy. No change required.
Lucy	Actions	(continued) #5 A rating tool would be good only if resources are devoted to monitoring and ensuring compliance - this implies that the ratings be easily understood and measured. Officers must be required to include the rating of each apartment in their report on the planning application. these ratings must be publicly available to buyers and any others. This must apply to developments that are referred to the minister. And, they should be gradually applied to existing stock over a 5 year period so that buyers and renters can be aware. #6 I struggle to see why another such doc would be required	Noted. These suggestions will help inform the development of Action 5 'Ratings tool'. Noted. This action relates to the need to consider the broader opportunities and challenges relating to higher density development, both internally with regard to amenity and externally with regard to the impact on the street, neighbourhood and city. More information will be provided in the final Housing Strategy.
Lucy	Actions	(continued) #7 This links in with #5, each apartment must be rated and available for discussion and comment before the approval stage. Ideally, pilot initiatives of excellence would be show cased so that Melbourne people would have real examples of what is good and what is not. #8 surveys only work if undertaken by appropriately qualified researchers applying good research design, etc. This means that they cannot be done by consultants. It really is that simple. A good method design, would for example, focus on those for whom Melb has not provided good housing - those who cannot afford it, cannot find suitable housing etc. #9 I thought that this was already routine, so wondered why it was in this doc	Noted. Issues covered in draft Housing Strategy. No change required.

Lucy	Actions	<p>(continued) #10 We should be careful of committees unless they are truly reflective of people of all abilities, backgrounds and experience in committee work. It should focus on the areas of need and growth (e.g OS students). Committees must be run so that those with less capacity to influence are supported to do so. This would, for instance have the City committee to supporting homeless, poor and disabled people to negotiate with officials and developers.</p> <p># 11 Reporting is good, if backed up the political will and resources to remediate problems if the findings show that, for example, housing design has not been improved, affordable housing availability has not improved, etc.</p>	Noted. Issues covered in draft Housing Strategy. No change required.
Lucy	Actions	<p>(continued) #12 Melbourne should have its own mandatory standards for excellent apartment design. A state-wide set of non-mandatory set of standards would be pointless. Living in the Hoddle Grid is incomparable to living in an apartment in suburban Ballarat. So, don't wait to find that a MELb set of mandatory standards is required, it will be so just push on and develop them.</p>	Noted. Issue covered in draft Housing Strategy. No change required.
Lucy	Strengthen actions	<p>I have put many comments in the above place that could have gone here.</p> <p>I would add that the focus is on each development as though it happens in a vacuum. In reality, large developments impact on neighbours in many ways that are not considered in the approval stage, or are allowed subsequently by VCAT. A case in point is the current development on the cnr of Flemington and Blackwood Sts in North Melbourne which is extremely high density and will cast a shadow over the only windows in the apartment block on the other side of a narrow lane. Solar amenity, ventilation, privacy and quiet must be taken as permanent rights that cannot be extinguished by a development.</p>	Noted. These issues will be further explored through Action 6 Higher density living paper.

Lyne	Goals	Affordable housing shouldn't be pushed by council through regulation and demands, it should be provided through nurturing the development of the affordable housing industry as an independent financial model not reliant on handouts or the taxing of the existing private development industry. There is a large number of highly profitable affordable housing associations around the world that are financial in their own right.	Noted. The role of the community housing sector will be essential in achieving Goal 1. The City of Melbourne will continue to foster partnerships between the not-for-profit and private sectors to help deliver affordable housing.
Lyne	Goals	(continued) Quality of housing also shouldn't be controlled by regulation, but education, the market is big enough now that buyers can punish developers for getting it wrong based on choice. Education should be part of that, although should be careful as one persons understanding of quality is different to another's. To suddenly start preaching that small apartments are bad, fails to recognise that a proportion of the market appreciates a compact property and it would be wrong for council or state to begin suddenly suggesting they live in inadequate housing, ignoring a small easy to furnish property is very suitable and growing in suitability for a more mobile population.	Noted. Issues covered in draft Housing Strategy. No change required.
Lyne	Strengthen actions	Regulation on housing is deciding for the population what is good for them as opposed to allowing them to choose.	Noted. The Housing Strategy aims to help achieve the vision for Housing set out in the Melbourne Planning Scheme and respond to significant concerns raised by both stakeholders and the wider community during the production of, and consultation on, Future Living. No change required.

paral	Goals	<p>The goal for improved quality should be extended to existing apartments. Thousands live in existing apartments in CBD and have no right to amenity i.e. no right to adequate light, fresh air or privacy which affects their health and welfare. This needs to change. There should be minimum rights to amenity for all Victorians - people in CBD included. Developers should not be able to ignore planning policies such as minimum spacing between towers and set backs. Need to cover existing apartments to protect amenity such as minimum distance between towers, set backs, provide for protection of privacy (overlooking. It is pointless building apartments with good amenity in terms of light, privacy etc only to have in destroyed by another building being built so close it blocks out light, creates privacy issues etc.</p>	<p>Noted. Existing apartments are outside of the scope of the Housing Strategy. The City of Melbourne has no control over existing apartments in terms of design and quality once a planning permit has been issued. No change required.</p>
paral	General	<p>Residents of CBD have been providing feedback on issues for years - time to start listening and acting on the issues. Need to give back the right to object to Capital City zone residents - if this right had not been stripped a lot of the current issues would not have occurred as there would have been more balance in the planning system not just developers maximising profits. Instead of developer bonuses there should be significant penalties for poor developments and non-compliance with planning guidelines</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
DOMCB	Goals	<p>I hope that good sized properties does not come at the expense of trying to provide affordable ones. housing in melbourne has come in the form of ridiculously small housing options that I would never live in even for a tiny amount of money. How are these small apartments etc supposed to be liveable in the most liveable city?</p>	<p>Noted. Our affordable housing and design related goals are interdependent. See p. 50 of draft Housing Strategy. Achieving these goals will be essential in ensuring our housing stock meets the diverse needs of our residents into the future. No change required.</p>

DOMCB	Actions	<p>please stop with the whole trying to make the tallest buildings to fit the most people. You only have to take a trip to asia to see that this idea of everyone living in high rise buildings is unappealing to the eye and impractical. before trying to create mega buildings that house hundreds of people, work on making the city sustainable for those people BEFORE they come.</p> <p>melbourne needs to stop striving to have the tallest buildings in the southern hemisphere or whatever blah blah blah.melburnians dont care about how tall the buildings are. we care that they are visually appealing, practical and do not simply follow architectural trends that will soon be out of style. melbourne has a heritage feel to it, so these ugly modern buildings that keep popping up with ugly splashes of colour all over the outside are an eyesore.</p>	Noted. Issue covered in draft Housing Strategy. No change required.
DOMCB	Strengthen actions	less focus on high density living and more focus on quality of living	Noted. Issue covered in draft Housing Strategy. No change required.
Magda	General	Don't make the minimum apartment size 50m2 for 1 bedrooms. My 44.8m2 is just fine thanks to its smart layout, and higher minimums make it less affordable.	Noted. The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and 12. No change required.
Sly	Goals	Definitely think the minimum sized standards need to be raised to 50m2 for 1 bed room and at least 60-70m2 for 2 bedroom apartments. The current trend of <50m2 for 1bedroom apartments is creating terrible living conditions.	Noted. P36 of the draft Housing Strategy highlights the importance of apartment size. Apartment sizes will be considered through draft Actions 4 and 12 on improved standards. No change required.
Sly	Actions	Bigger apartments will lead to better people. Less crammed feeling and ability to have more privacy.	Noted. P36 of the draft Housing Strategy highlights the importance of apartment size. Apartment sizes will be considered through draft Actions 4 and 12 on improved standards. No change required.

Sly	General	<p>We also need to link transport into this strategy. it's pointless to have a housing plan without a plan for moving people in and out quickly and efficiently. Happy people = happy city. Happy city = profitable sustainable city.</p> <p>Please open up Flagstaff station on weekends and public holidays as a first step.</p>	<p>Noted. This is outside the scope of the Housing Strategy. No change required.</p>
BAREPORT	Goals	<p>We support the goals outlined in Homes for People to provide affordable homes to low income earners. Considering their circumstances and capabilities is important to ensure their security and inclusion in our city.</p> <p>Improving the state of new homes and their environmental impact is important for the future of our city. New designs must consider their eco-footprint. This includes designing spaces that educate and promote awareness about environmental issues to residents.</p> <p>Awareness and knowledge of good housing is imperative for students and youth to ensure they know about and contribute to the future housing directions of their city.</p>	<p>Noted. No change required.</p>
BAREPORT	Actions	<p>We strongly support the use of City of Melbourne owned land to support affordable housing initiatives- particularly to benefit youth and students (including International students), this will provide more housing to those in need.</p> <p>Regulating development to include some affordable housing is important- more important yet is to support and develop initiatives for completely purpose built affordable housing, like co-operatives.</p> <p>Developing a campaign to raise awareness of good housing is great. We hope that it stimulates a wider discussion and provides a voice to those struggling with housing. This campaign should consider the diversity of Melbourne's residents.</p>	<p>Noted. No change required.</p>

BAREPORT	Actions	<p>(continued) A resident survey is crucial and should focus on quality of life, and feed into the future developments of residential housing in our city. A good sense of community in high density apartments flows into the wider city culture.</p> <p>Co-ordinating local housing strategies is important too as our university hubs bleed beyond the City of Melbourne.</p>	Noted. No change required.
BAREPORT	Strengthen actions	We support all actions outlined, yet we think more actions can be taken. We think that the City of Melbourne strengthen the reach of affordable housing by considering the role of alternative housing models, like co-operatives, particularly meeting the needs of youth and students.	Noted. Alternative housing models were discussed in the Future Living discussion paper. Considering the high cost of land in the municipality, it is considered that such models would be difficult to achieve in the central city and are therefore not a focus of the draft Housing Strategy. Such models, however, can still be considered and proposed by stakeholders. No change required.
BAREPORT	General	<p>We hope students (42% of the City of Melbourne's residents) and youth (among those most at risk of housing crisis) are a focus of our cities future housing direction. We strongly believe that meeting their affordability needs (less than 30% of their income) is a concern of our city and that, as outlined in the Homes for People vision must be achieved holistically. This means considering inclusion issues, engaging the community and caring for the environment. Including students and youth in these processes is crucial to the success and future of our city.</p> <p>Alternative housing models (like co-operatives) are proven and exist globally, meeting affordability needs, housing requirements, environmental considerations and helping consolidate and create diverse and inclusive community. And yet our great city is yet to explore and support these initiatives.</p>	Noted. Alternative housing models were discussed in the Future Living discussion paper. Considering the high cost of land in the municipality, it is considered that such models would be difficult to achieve in the central city and are therefore not a focus of the draft Housing Strategy. Such models, however, can still be considered and proposed by stakeholders. No change required.

BAREPORT	General	<p>We are two students who believe there is a better way to live and learn together- hoping to achieve Affordable, intercultural and community focused living for students and youth in Melbourne by creating the cities first student and youth housing co-operative.</p> <p>We'd love to hear from you and discuss the vision of our housing with you, particularly the future of student and youth living alternatives in Melbourne.</p> <p>To see our draft proposal: http://bit.ly/bareportprop</p> <p>Please do not hesitate to contact us,</p> <p>Jonathan Leschinski and Jessie Lopez (co-founders Bareport)</p> <p>jonathan@bareport.coop, jessie@bareport.coop</p>	<p>Noted. Alternative housing models were discussed in the Future Living discussion paper. Considering the high cost of land in the municipality, it is considered that such models would be difficult to achieve in the central city and are therefore not a focus of the draft Housing Strategy. Such models, however, can still be considered and proposed by stakeholders. No change required.</p>
Nityo	Goals	<p>New apartments should be atleast 100sqm in floor size for 2 bedrooms. High ceilings of atleast 3 metre should be compulsory for better livability. Wider roads connecting to the major arterials. Regular community events like runs and walks, shows, etc for engagement. Open spaces and parks.</p>	<p>Noted. The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and 12. No change required.</p>
Nityo	Actions	<p>There is a need to formulate strict apartment design laws and make sure builders adhere to them.</p>	<p>Noted. Issue covered in draft Housing Strategy. No change required.</p>
Nityo	Strengthen actions	<p>House prices should be left to the markets. Affordable housing means undesirable housing which will mean substandard apartments. A public school and a private school would be good enough. People are aware of the need for good quality housing. The builders and developers should be regulated to deliver them.</p>	<p>Noted. Issues covered in draft Housing Strategy. No change required.</p>

MessiahAndr w	General	<p>I agree that nobody should be forced into living in a shoebox, nobody wants to live in a slum and everyone should have affordable and accessible housing, there is also a growing desire for "microhomes" in large US cities that will eventually make it's way to Australia. Not everyone is interested in renting forever, or locking themselves into a 30 year mortgage, and microhomes (often luxurious yet extremely compact) that can cost less than a year's pay really appeals to the newer generation. While I agree we should have minimum building standards, I don't think we should have minimum size standards and we should allow the free market the ability to optimise itself to the trends and needs of a constantly changing society - be that of large single family homes, shared accommodations, microhomes, terraced homes, or high rise apartments.</p>	<p>Noted. The draft Housing Strategy highlights the need for sufficient space for a diverse range of households and that space is often linked to achieving good levels of amenity. The draft Housing Strategy does not propose minimum space standards, which will be considered in Actions 4 and 12. No change required.</p>
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