



Submission to Melbourne's Future Planning Framework – Draft Land Use Framework Plans

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ABOUT UDIA VICTORIA

The Urban Development Industry of Australia, Victoria Division (UDIA Victoria) is a non-profit advocacy, research and educational organisation supported by a membership of land use and property development organisations, across the private sector and Victoria’s public service. We are committed to working with both industry and Government to deliver housing, infrastructure, and liveable communities for all Victorians.

INTRODUCTION

The Urban Development Institute of Australia, Victoria Division (UDIA Victoria) welcomes the opportunity to provide feedback on Melbourne's Future Planning Framework and the draft Land Use Framework Plans (LUFs).

We recognise and commend the Department of Environment, Land, Water and Planning's (DELWP) extensive work in applying the nine guiding principles, seven outcomes, 32 directions and 90 policies outlined in *Plan Melbourne* to a regional and local level in the draft LUFs.

This submission comprises overarching feedback applicable across multiple draft LUFs, and specific feedback on the following draft LUFs:

- Inner (Melbourne, Port Phillip and Yarra Local Government Areas or LGAs)
- Inner South East (Bayside, Boroondara, Glen Eira and Stonnington LGAs)
- Southern (Cardinia, Casey, Frankston, Greater Dandenong, Kingston and Mornington Peninsula LGAs)
- Western (Brimbank, Hobsons Bay, Maribyrnong, Melton, Moonee Valley and Wyndham LGAs)
- Northern (Banyule, Darebin, Hume, Mitchell, Moreland, Nillumbik and Whittlesea LGAs)

UDIA Victoria's members are deeply engaged with the planning and delivery of residential and employment development across urban infill and greenfield development areas, delivering the vast majority of new homes and places of employment each year across Victoria. We welcome the opportunity to review and provide industry input on the issues raised in this submission with DELWP prior to the draft LUFs being finalised and adopted.

OVERARCHING FEEDBACK

UDIA Victoria is broadly supportive of the nine guiding principles, seven outcomes, and 32 directions outlined in *Plan Melbourne*, however we consider the draft LUFs to lack detail with regards to the implementation of many of these items.

The stated purpose of the LUFs is to:

- Drive the majority of Melbourne's population growth into established areas through a land use framework that identifies places of state and regional significance.
- Guide the strategic integration of land use and infrastructure (including housing and jobs aspirations) in key areas and precincts.
- Guide the development of Melbourne's greenfield growth areas.
- Facilitate collaboration by state and local government, key agencies and partners on regional planning and regional priorities.
- Inform priority places for state-led planning.
- Enable metropolitan councils to update their municipal strategies and policies within a clearly defined land use framework.

They are also intended to determine the regional-level planning policy to be implemented into planning schemes, and inform council decision-making for precinct planning, local and regional planning strategies, and infrastructure and servicing projects. Whilst a diagram showing the inter-relationship between state and local planning is shown in Figure 2, we suggest further clarity is required to articulate the hierarchy of plans in terms of a statutory decision-making process, the legal status of the LUFs, and which plan takes precedence in a contested context such as a Panel hearing.

We also note the plans and strategies are regional however the implementation of those strategies is left to individual councils that comprise the region.

We query whether the draft LUFs will be able to achieve these lofty aims, particularly in managing the interaction between State and Local Government, and key agencies, authorities and partners, in the absence of an overarching and coordinating authority. We suggest the Victorian Planning Authority (VPA) should be empowered to take on this role, both to facilitate collaboration and to implement the directions and strategies of the LUFs.

A clear plan for investment in the critical and catalytic infrastructure which mirrors the draft LUFs is required to ensure the timely delivery of services and infrastructure over the next 30 years. Recent research carried out by Urban Enterprise demonstrated the residential development sector **directly contributes a total of \$6.4 billion annually** through the following:

- \$2.5 billion of development charges; and
- \$3.9 billion of taxes on residential development.

The development taxes and charges already contributed by the residential development sector, in combination with the broader economic activity generated, already contributes sufficiently to the delivery of this critical infrastructure; new taxes and charges are not required for this purpose.

The draft LUFs outline a 30-year strategic land use and infrastructure plan for the six regions, however the growth areas do not all have 30 years of land supply within the current Urban Growth Boundary. We consider the land supply of these areas to be even more questionable given the significant changes over the past eighteen months in terms of where residents in Melbourne particular, and Victoria in general, live and work. The LUFs should include a more nuanced discussion of the impacts of successive lockdowns in response to COVID-19, and the impacts and potential changes to the way metropolitan Melbourne will live and operate.

We foresee structural changes in how, when, and where people will work, including a greater number working from home more often. They will require infrastructure to support this such as local access to technology, flexible local working spaces, co-locating childcare with either schools or workplaces, and the increasingly important role of neighbourhood centres.

We also foresee structural changes in where people are choosing to live, with greater numbers of people choosing greenfield locations and permanently relocating to regional and coastal areas. In the twelve months to August 2021, Melbourne recorded in excess of 28,000 residential greenfield lot sales (RPM Real Estate Group). This is a new record; the average annual residential lot sales of the five years prior is 19,790. Recent sales data for regional areas including Geelong, Ballarat and Bendigo tells us people are buying residential land in these areas at double or triple the rate of sales pre-COVID.

We expect this additional pressure on greenfield locations, regions and coastal areas to continue into the future. We note many of these areas have significant land supply constraints. A focus on infill and consolidation only, without room for expansion in key locations, does not respond adequately to demographic expectations and requirements.

In the context of the above, we encourage the State Government to fundamentally review key assumptions about land use and population forecasts underpinning the LUFs. This review should

include the allocation of residential, employment, and industrial land, and importantly infrastructure provision, so land use allocation is aligned with demand and infrastructure investment is aligned with population movement.

UDIA Victoria welcomes the discussion in the draft LUFs about climate change mitigation and adaptation. We commend the work DELWP has invested in the *Environmentally Sustainable Development of Buildings and Subdivisions*, and *Victoria's Climate Change Strategy*. A key component of these, and the *Roadmap to Energy Management*, is initiatives such as renewable energy technologies and microgrids. Many developers are seeking to deliver these however they face regulatory barriers and resistance from planning and service authorities. For example, the relevant gas authority remains a determining referral authority regardless of whether gas is being connected (i.e. even where the development is 100 per cent electric), the electricity authority is reluctant to allow the feed in of electricity to the grid, and council is resistant to allowing infrastructure (such as kiosks and distribution networks) to be located on council land and road reserves.

On this basis, we consider State Government intervention is required to progress innovation in this space. We also suggest a clear hierarchy of targets or goals be established to inform decision-making in the permit assessment process. For example, do the sustainability targets take precedence over the current transport engineering requirements of Local Government or the desire for service authorities to locate infrastructure in the nature strip? The intersection of these requirements often result in the inability to plant street trees in nature strips due to on street visitor car parking requirements and the minimum distances set by service authorities between street trees and infrastructure below ground. This directly impacts on the ability to achieve the tree canopy targets.

Further, the transition of the residential and employment development sector to achieve fifty percent reductions by 2030, and net zero emissions by 2050, will require significant structural changes. We also consider there will be a significant change to the way residential and employment development is delivered, and this will require substantial innovation. We encourage the State government to remove the regulatory barriers to such innovation to encourage a progressive approach to enable developers to deliver the solar-powered homes and green hydrogen employment hubs of tomorrow that will position Victoria as a world leader in renewable energy.

Our overarching feedback on the draft LUFs, responding to the directions, strategies and actions that are common across the draft LUFs, is as follows:

1. Many of the opportunities and challenges identified in the draft LUFs are well known to the development industry. There are many developers actively attempting to solve these problems, however the key issues remain the lack of investment in infrastructure and the difficulty in engaging with councils and agencies to drive change and/or receive timely, accurate or relevant advice and assessment. Empowering a coordinating authority (such as the VPA) to oversee this work would yield better results than leaving developers to negotiate on a case by case basis with councils and authorities.
2. The draft LUFs seek to encourage higher density residential development around areas of high amenity, which we support. We anticipate the soon to be released PSP Guidelines will include a target of 30 dwellings per hectare which will require some apartment development in PSPs. Typically this level of density (and higher) is only viable around train stations, NEICs etc (i.e. high value amenity) which means this **level of density won't be achieved unless the infrastructure is already in place**. This infrastructure needs to be better planned for and funded to ensure it is implemented prior to residential development to provide the development industry with the confidence necessary to deliver the desired density. We also note the current visitor car parking requirements are often prohibitive to achieving a higher density lot yield which points to a disconnect between stated targets and the existing technical standards.

3. Further to the point above, we suggest increased density should also be considered around areas of high amenity that are not transport hubs or activity centres, such as open space, waterways, and schools. This has been demonstrated as a useful and successful way of increasing densities and improving the urban environment.
4. We encourage the inclusion of language that allows for innovation and better than business-as-usual approaches to ensure these will be supported by the State and Local Governments. Incentivising industry to both respond to market led innovation as well allowing industry to lead innovation will support the target of net-zero emissions by 2050.
5. Further direction should be provided to clarify how items nominated in the draft LUFs with language such as 'potential' and 'investigation areas' will be resolved. What are the processes of refinement or resolution? We suggest a coordinating authority (such as the VPA) should be involved, or indeed lead the work, to achieve a more cohesive outcome rather than leaving it to individual councils.
6. Where there is contradiction to the previous Growth Corridor Plans, what is the process of resolution, particularly where land acquisition and valuations have been conducted with the Growth Corridor Plans as the source of information? As previously noted, a clear hierarchy of plans would assist with this.
7. We have concerns relating to the ambiguities relating to how new or proposed extractive industry interest areas (EIIA) are to be treated within the UGB, especially how 'net community benefit' is to be achieved between future residential areas versus the EIIA. We also seek to understand what is meant by the proposal to refresh and refocus the EIIA and what is meant by the suggestion to facilitate the licensing of new quarries within the regions particularly where the land is already earmarked for residential development (via the previous corridor plans and current UGZ designation and/or where a PSP is either already gazetted or currently under preparation).
8. We suggest the measurements of walkability should be based on time rather than distance. For example, e-scooters and e-bikes have substantially expanded the distance that can be travelled in twenty minutes without requiring a car, therefore the catchment of a 20-minute neighbourhood can extend beyond an 800 metre radius.
9. We note there is a five-yearly reporting mechanism to DELWP, however what mechanism does DELWP have available to ensure milestones or targets are met? How will key performance indicators be set or measured?
10. The document notes that this is a 30-year strategic land use plan and that they are to 'guide and inform preparation, completion and implementation of PSPs moving forward'. What about PSPs already under consideration or development?
11. Further detail is required for the 'Regional snapshots' to outline a pathway from the 2020 (now/current) figures in the regional snapshots to the 2051 (projected/ future) figures. The current 'actions' do not provide this pathway. Implementation problem needs to be clearer. These tables should be updated to include the 2021 census data for a more accurate picture of the region.
12. Further to our previous point about providing a clear hierarchy of plans, what is the role of PSPs and Planning Scheme Amendments to further refine and clarify the contents of the draft LUFs? They should allow for flexibility and the ability to change the direction of a landholding or precinct based on further detailed assessments at the time of planning scheme creation and adoption. The LUFs of themselves should not be substitutes or barriers to alternative uses where local needs and constraints can be properly assessed and demonstrably addressed; the PSP should govern the final zoning makeup of the land given it is a more detailed analysis of the Corridor Plans.

13. The draft LUFs are silent on a process for the consideration of logical inclusions in the Urban Growth Boundary (where relevant). Any previously identified logical inclusions should now be included as part of this plan, and any other areas moving forward identified as potential logical inclusions should be noted as an 'area of investigation'. We note that no other jurisdiction in the world has set a permanent growth boundary without a regular assessment of supply and a subsequent review process.
14. The plans (Figures) within the document include substantial detail, however much of this is lost at the scale of the print. These plans should be replicated in a GIS format (if they are not already) and made available in LASSI or Vicplan or other freely available mapping tool to ensure the detail can be identified where required.

CHAPTER 4 - PRODUCTIVITY

In addition to the overarching feedback above, UDIA Victoria provides the following feedback relating to Chapter 4 – Productivity:

Draft Inner South East Metro LUF

- In relation to 'Action 1. Identify activity centres where commercial development should be prioritised to accommodate future needs and generate local employment opportunities. Review the capacity of the identified major activity centres within the region to feasibly accommodate additional commercial floorspace within their relevant precinct boundary':
 - We note there are sixteen Major Activity Centres (MACs) designated in this draft LUF. This is too many based on the projected population growth of 216,650 to 2051. We suggest five to eight MACs is sufficient. We believe the designation of activity centres should be further broken down into 'principal activity centres' for suburban areas like Caulfield, Hampton, Chadstone and Bentleigh. There should be one designated MAC for Brighton, and the following centres should be defined as MACs: Prahran/South Yarra, Camberwell Junction, Glen Huntley, Elsternwick, Sandringham, and Kew Junction.
- In relation to 'Action 3 Implement a program of State Government-led planning projects, in partnership with local government to ensure major activity centres and urban renewal areas maximise their respective strategic opportunities':
- We support this action item as a key requirement to the successful realisation of the draft LUF. However, a number of the action items will directly conflict with the ambitions and visions of local councils and residents. The State Government will have to focus attention on a proactive engagement strategy with the local council.

Draft Western Metro LUF

- As previously noted, we foresee structural changes to the way people live and work. How can activity centres support more people working from home?
- We encourage the diversification of commercial opportunities and ways to encourage residential and mixed-use developments, including consideration of the permitted height, scale, and air rights etc. This is especially relevant to existing centres or those nominated for revitalisation.

Draft Northern Metro LUF

- Further consideration should be given to the role of Melbourne Airport in the region and how this will impact on residential development. The recent planning process shows Melbourne Airport is seeking to expand its influence through restrictive planning controls relating to noise contours. This will restrict residential development, and significantly limit opportunities for achieve increased density and diversity.
- Direction 05 – Ensure Northern Growth Corridor accommodates longer-term industrial and commercial development opportunities:
 - Where PSPs are still in development, what is the mechanism to explore this opportunity?
- Direction 06 – Extractive Resources:
 - ‘extractive resources in the region, within and outside the UGB, require attention’ - What does this mean for UGZ and residential areas?
 - This is contradictory to previous Growth Corridor Plans. How does this relate to PSPs already underway?
 - ‘existing approved operational quarries’ – what is the definition of this?
- In relation to Figure 10 Extractive Industry Interest Areas in the Northern Metro Region:
 - We suggest the need for the resource - and its quality – must be demonstrated rather than the blanket approach of protecting all resources.
 - Land identified as ‘Extractive industry (temporary land use)’ covers an incredible amount of the existing northern corridor and has not been shown on previous Growth Corridor Plans or PSP development. What is the reasoning behind including this extent of land? This is contradictory to the other principles in this document such as 20-minute neighbourhood and valuing the natural landscape. This document suggests that extractive resources is more important than all other land uses.
 - How are new or proposed extractive industry areas are to be treated within the UGB, and how will ‘net community benefit’ be achieved between future residential areas and EIAs?
 - What is meant by the proposal to ‘facilitate licensing of new quarries’ within the region, especially if for future residential land?
 - It appears extractive resources is the most important land use in the region. If this is indeed the case then industry urgently requires more detail, noting the EIA plans were developed in the 1970s prior to the current UGB alignment.

Draft Southern Metro LUF

- Our response to the first point in the Southern Metro LUF which is ‘you will see the region become a national centre for advance manufacturing and engineering’ is outlined below:
 - The LUF does not address the chronic shortage of developable industrial land around the NEICs – particularly in Dandenong which is the manufacturing and engineering heart of Australia.
 - Current estimates indicate the there is less than three years of remaining supply of developable industrial land in and around in the Dandenong NEIC. This **includes** parcels not

actually available for development due to existing uses and other issues. This is a woefully inadequate supply to meet the stated LUF objectives over a 30-year time horizon.

- Not dealing with this crucial matter is also at odds with one of the stated objectives of *Plan Melbourne* - the 20-minute neighbourhood - which seeks to create jobs close to where people live. This is more acute in the post-pandemic world which we consider will experience structural changes to the way people live and work. The LUFs lack detail on how activity centres can and will support more people working from home or desiring work closer to home
- A logical inclusions process that focuses on land for employment uses could assist in meeting the target.
- The region is projected to fall well short of the stated target of creating one job per household with a predicted 200,000 shortfall of jobs in the region projected by 2051. It will not be possible to address this given current planning and infrastructure constraints. There does not appear to be any thought on how to reverse this trend.
- Further detail is required about the role of the Suburban Rail Loop Authority and the precincts around the proposed SRL stations.

CHAPTER 5 – HOUSING CHOICE

In addition to the overarching feedback above, UDIA Victoria provides the following feedback relating to Chapter 5 – Housing Choice:

Draft Inner and Inner South East Metro LUFs

- There is a common strategy of increasing the supply of housing in these areas. This assumes we deliver more new housing in these areas than we have to date. If it is business as usual, this direction is unlikely to be achieved.
- We are concerned about the language used in relation to Neighbourhood Activity Centres where it says, for example, ‘some (emphasis added) neighbourhood centres may (emphasis added) be locations for mixed use, medium and high-density housing...’. Given the aspirations of the 20-minute neighbourhood, we consider neighbourhood centres provide the appropriate location for delivering higher density housing.
- A further assessment of housing investigation areas is contemplated in the LUFs, noting that this will be managed by individual councils. We suggest query whether councils are the appropriate stakeholder to manage this investigation given the regional nature of the LUFs. We suggest the coordinating authority would be better placed to manage this process in conjunction with the relevant councils.
- We welcome the ‘housing opportunity areas’ identified by local councils and suggest that a suite of zone and other planning controls be applied to enable the expected increased housing densities to be achieved.
- In relation to ‘Action 5 Identify underutilised and surplus government land that has potential to deliver additional social housing’:
 - We support this but query the effective management of developments that include a salt and pepper approach to incorporating affordable housing into private market

developments. We consider this type of development is not appropriate for high or complex needs tenants because the support mechanisms required for this cohort are not readily available within and adjacent to private market developments and this can result in vulnerable persons being isolated from the support they require.

- In relation to 'Action 6 In partnership with councils, identify a pipeline of sites in the Inner South East Metro Region for social and affordable housing':
 - We suggest the State Government revises the current policy relating to the requirement for tenants from the Victorian Housing Register to be placed into housing where the State Government has provided funding, especially for spot purchases in a private market housing development. We suggest a more successful approach will be to match the tenant profile to the housing context. We also suggest the ongoing management of this housing is more successful where there is local council engagement and support.

Draft Western, Northern and Southern Metro LUPF

- A key element of delivering affordable housing is the early delivery of critical infrastructure including the PPTN, community services and the early delivery of town centres. The plan is silent on how to achieve this.
- A common strategy across these LUPFs is to 'Require development in growth areas to be sequenced and staged at a regional level to better link infrastructure delivery to land release'. We support the aim of linking the delivery of infrastructure and housing, however applying this to the current ad-hoc infrastructure rollout will only serve to delay the delivery of residential land to market.
- Instead, we recommend that all critical and catalytic infrastructure be delivered across growth areas as a priority to facilitate the delivery of residential land in response to market demand. The Northern Metro area provides the opportunity to apply this approach.
- A common strategy across these LUPFs is to 'Facilitate the development of medium- and higher-density housing in the growth areas to provide greater housing diversity and create 20-minute neighbourhoods close to jobs, services and public transport'. We support this strategy however the intersection of current engineering standards for roads in greenfield areas, and the requirement for street trees, act as a barrier and require amending to facilitate the desired density. Further, the plan doesn't talk to implementation of necessary growth area infrastructure to attract density.
- The LUPFs do not address structural changes following the Covid-19 pandemic which include:
 - Working from home or closer to home.
 - Residents seeking larger accommodation on average, to allow for working from home. This is putting additional supply pressure on greenfields areas and areas with tight boundaries, which is at odds with the stated aspiration of *Plan Melbourne* to deliver predominantly infill residential development. Pressures on development costs and viability in established areas will only serve to exacerbate this issue without further land release.
 - In particular, the Southern Metro region is suffering from the most acute shortage of land, with estimates showing less than ten years of supply which is woefully inadequate for a 30 year plan.

CHAPTER 6 – INTEGRATED TRANSPORT

In addition to the overarching feedback above, UDIA Victoria provides the following feedback relating to Chapter 6 – Integrated Transport:

Draft Western, Northern and Southern Metro LUPF

- Each of the draft LUPFs includes directions that discuss the need to improve transport in the region and growth corridor however there is no mention of the funding required or an implementation plan. As previously noted, a funding and implementation plan for infrastructure in general, especially transport infrastructure, is essential for implementing many of the directions and strategies.
- As previously noted, further consideration should be given to ‘last mile’ infrastructure such as bikes and scooters. Rather than just adding this to the existing road requirements, a total review of how people move around is required, especially given the structural shifts in the way people live and work in metro Melbourne.
- In relation to the Northern Metro LUPF:
 - The draft LUPF states that ‘Residents and workers enjoy public spaces and cycling and pedestrian networks that support 20-minute neighbourhoods’ and ‘Communities are well-connected to jobs and activity centres and the Northern Metro Region boasting a new, high-quality transport network’. An integrated transport plan, including funding, is required for the Northern Growth Corridor to achieve this.
 - We request further detail about the location of interchanges along the Hume Freeway.
 - What is the process to confirm or refine items that are nominated as *proposed* or *potential*?
 - The east-west connections will be critical to the success of transport links in the northern corridor. We encourage the consideration of alternative transport modes such as trackless trams.

CHAPTER 8 – STRONG COMMUNITIES

In addition to the overarching feedback above, UDIA Victoria provides the following feedback relating to Chapter 8 – Strong Communities:

Draft Western, Northern and Southern Metro LUPF

- Further consideration should be given to the services and infrastructure that might be needed (not just aged care and cemeteries) for whole of life cycle and age in place infrastructure.
- Further consideration should be given to disability services and associated infrastructure – it didn’t appear to be mentioned.
- Further consideration should be given to the role of smaller centres to provide allied health services and day surgery theatres rather than regional hospitals. This would create a network of facilities to provide services rather than relying on large regional and emergency facilities.

CHAPTER 9 – SUSTAINABILITY AND RESILIENCE

In addition to the overarching feedback above, UDIA Victoria provides the following feedback relating to Chapter 9 – Sustainability and Resilience:

Draft Western, Northern and Southern Metro LUPF

- Each of these draft LUPFs has a direction relating to tree canopy percentage coverage targets which is positive however much of the residential development industry already has this ambition. The difficulty is implementation and service authorities approving the location of trees, especially street trees. We consider this requires a whole-of-government approach to bring together the key stakeholders with competing objectives and amend any regulatory and policy barriers to delivering increased tree canopy coverage.
- Our members have experienced the following issues relating to street trees:
 - A conflict between delivering services and street trees in the road reserve. The priority of trees is last; service authorities must amend their policies and requirements with regard to the location of their infrastructure and the separation from tree roots.
 - Increasing lot density also removes opportunities for street tree planting.
 - Local councils and service authorities (such as Melbourne Water) resisting tree planting in parks, open spaces, wetlands etc to reduce the maintenance costs. These are the obvious locations for increased tree planting and it will be essential to better utilise these spaces to reach the canopy coverage targets. We note the draft Western Metro LUPF includes two strategies relating to this however we query how they will be achieved in the absence of a coordinating authority that can direct service authorities to amend their policies.
- We note the greatest opportunity for an increase in street tree canopy is arterial roads as they are largely uninterrupted verges within minimal service conflicts.

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