

HOUSING STRATEGY AND NEIGHBOURHOOD CHARACTER STUDY – CONSIDERATION FOR ADOPTION

Report Author: Principal Strategic Planner
Responsible Officer: Director Planning & Sustainable Futures
Ward(s) affected: (All Wards);

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

SUMMARY

Council is preparing a new Housing Strategy to replace the current 2009 Housing Strategy. The new Housing Strategy, once adopted, will guide the location, intensity and design of new residential development in Yarra Ranges for the next 15 years.

The Housing Strategy will also articulate Council's policy on affordable, social, and sustainable housing and provide a framework for residential planning controls in the Yarra Ranges Planning Scheme.

Council resolved on 24 October 2023 to place the draft Housing Strategy and draft Neighbourhood Character Study on public exhibition between 30 October to 11 December 2023.

The engagement undertaken has resulted in extensive community feedback which has been assessed and documented within this report and used to develop a proposed final version of the Housing Strategy and Neighbourhood Character Study, which are now presented to Council to consider for Adoption.

RECOMMENDATION

That Council

- 1. Note the community engagement on the draft Housing Strategy and draft Neighbourhood Character Study as outlined in Attachment 1.**
- 2. Note the changes made to the Housing Strategy and Neighbourhood Character Study to respond to community feedback, as described in this report and detailed in Attachment 2.**
- 3. Adopt the final Housing Strategy contained in Attachment 3, and the final Neighbourhood Character Study contained in Attachment 4, in accordance with the proposed list of changes in Attachment 5.**
- 4. Write to all submitters to thank them for their engagement and submissions and advise them of the outcome of the Council Meeting.**
- 5. Write to the members of the Community Reference Group to thank them for their contribution and time.**
- 6. Update the Council website with information on the public consultation undertaken, the feedback received, and the relevant changes made to reflect feedback.**

RELATED COUNCIL DECISIONS

23 July 2019 Council Meeting: Council adopted the Residential Design Guidelines for Villa Unit and Townhouse Developments, which are one input into the new Housing Strategy.

22 February 2022 Council Meeting: Council endorsed the Discussion Paper and Neighbourhood Character Study for public consultation.

24 October 2023 Council Meeting: Council endorsed the draft Housing Strategy for public consultation from 30 October to 11 December 2023 and supported proceeding with initial work on a Social and Affordable Housing Policy.

DISCUSSION

Purpose

The purpose of this report is to provide an overview of community feedback on the exhibition of the draft Housing Strategy and draft Neighbourhood Character Study, following public exhibition which occurred between October and December 2023.

This report explains how the community engagement activities were undertaken as set out in the Consultation and Engagement Report at Attachment 1.

Finally, this report presents a proposed final version of the Housing Strategy and Neighbourhood Character Study and identifies a suite of changes based on analysis of feedback (Attachments 3, 4 and 5).

Background

Given the current prominence of housing issues nation-wide, and urgency for action on housing deficiencies, the Housing Strategy is a key opportunity for Council to respond in a localised way to Yarra Ranges' housing challenges.

Federal and State Government

At a State and Federal Government level, issues of housing and rental affordability are among Australia's largest contemporary challenges. Key current announcements and initiatives include:

- A new national target from the National Cabinet of 1.2 million new well-located homes over five years, from 1 July 2024, with \$3 billion in performance-based funding for states and territories that exceed their quotas of new housing. This is intended to apply competitive pressure to states and territories to increase supply, including through planning reform.
- The Albanese Government's \$10 billion Housing Australia Future Fund, intended to provide funding in perpetuity for social and affordable housing projects that was passed by Parliament on 14 September 2023.
- At a State level, the Big Housing Build, which is a \$5.3 billion investment in social and affordable housing, intended to provide 12,000 new dwellings and increase total social housing supply by 10 per cent. There are 9,200 homes already under construction or complete.
- On 20 September 2023 the Victorian Government released Victoria's Housing Statement: The decade ahead 2024-2034 to address housing supply in Victoria with a target to build 800,000 homes in the next decade on the basis that building more homes will increase affordability. In addition, the Government introduced a mandatory 7.5 per cent tax for short term stays that will fund social and affordable housing.
- Consultation has recently commenced on Plan for Victoria that will provide a blueprint to guide how Victoria grows and develops as a State over the next 30 years. A key part of Plan for Victoria will be about providing homes for the forecast 10 million people who will live in Melbourne and regional Victoria. As part of this it is anticipated that targets will be set for Councils about where and how many homes need to be built. To date Council has not been provided with any information on the target for Yarra Ranges, or on what forms of residential development, such as retirement villages and other forms, will be captured by the target.

The policy landscape is rapidly changing. Council's approach must be guided by announcements at State and Federal levels and must be adaptive to evolving

circumstances. To date the recommendations and directions of the Housing Strategy remain consistent and aligned with the above announcements.

Local Government

Council's Housing Strategy can provide direction at a local level by:

- Clearly articulating Council's role in housing, and the role of a Housing Strategy.
- Identifying actions to assist in the provision of more housing stock and targeted to emerging housing needs, within available legal and policy frameworks, such as the Yarra Ranges Planning Scheme.
- Identifying design parameters for how emerging housing needs can be accommodated in a way that is sympathetic to Yarra Ranges' distinctive neighbourhoods and landscapes, and complements local cultural identity.
- Identifying housing challenges for Yarra Ranges that require advocacy to the State and Federal Governments for progress on issues which are beyond its direct remit.

Yarra Ranges Planning Scheme

The Planning Policy Framework (PPF) which is part of all Victorian planning schemes sets out the context for land planning and decision making. It includes State, regional and local government planning obligations in relation to planning and population growth and managing housing change.

The PPF at Clause 11.02-1s - *Supply of Urban Land* directs Council to:

"Plan to accommodate projected population growth over at least a 15-year period and provide clear direction on locations where growth should occur. Residential land supply will be considered on a municipal basis, rather than a town-by-town basis."

Planning for new housing is typically expressed in a Housing Strategy which may be accompanied by a Neighbourhood Character Study and other strategic work such as land capability, landscape, environmental and/or heritage studies.

The Housing Strategy is also the appropriate document to plan for the community's future housing needs and addresses other housing matters such as the provision of affordable and social housing.

Council's current Housing Strategy and Neighbourhood Character Study are over 14 and 22 years old respectively and are out of date, and therefore an updated framework for Yarra Ranges housing policies is required.

Housing Strategy Discussion Paper

The review of the Housing Strategy commenced with the preparation and public exhibition of the *Housing Strategy Review Discussion Paper, 2022*.

The Discussion Paper was supported by the following studies:

- The *Yarra Ranges Analysis of Housing Supply and Demand*, id Consulting, 2021 that provides a demographic analysis and assessment of current planning scheme provisions. This analysis tested the capacity of the existing planning provisions to accommodate future residential growth; and
- The draft *Neighbourhood Character Study* Hansen Partnership, 2021, that reviews the 2002 Neighbourhood Character Study, confirms and defines the neighbourhood character precincts for Yarra Ranges residential areas and makes recommendations for how to align preferred character ambitions with the Housing Strategy. The Study provides the basis for preparing new design and development planning scheme provisions for multi-unit development.

The Discussion Paper was structured around the themes of:

- Land supply
- Sustainability
- Neighbourhood character
- Housing design
- Housing diversity and type
- Affordable and social housing.

In order to support any recommended updates to the Planning Scheme, Council commissioned a review of its current residential framework, which is the framework governing the residential areas of Yarra Ranges that are identified for high, medium, and low rates of change and growth. The framework is explained in the Yarra Ranges Planning Scheme at Clause 16.01-1L (Housing) and supports the current application of residential zones.

This Review included:

- A review of the existing residential framework structure and content, including identification of gaps and inconsistencies.
- A review of the effectiveness of existing planning scheme controls for residential development, which were implemented into the planning scheme in 2013.
- Discussion of new and emerging issues for housing, including a need for greater policy focus on housing affordability and diversity.
- Recommendations for appropriate Planning Scheme provisions to address existing and emerging housing issues in accordance with contemporary planning practice.

The findings of this review have been integrated into the draft Housing Strategy.

Need for a Housing Strategy

The underlying premise is that housing is a fundamental human right and is essential to individuals achieving an adequate standard of living. Having access to housing choices that are well located, affordable, secure and safe enables people to live with dignity, provides access to education and employment choices, and encourages participation in community life.

Yarra Ranges is home to 158,694 residents and this is expected to grow to 180,197 by 2041. The draft Housing Strategy is planning for 11,000 new dwellings over the next 15 years, or approximately 730 homes per year, which is consistent with State Government direction for the provision of housing in Yarra Ranges. This is higher than the current development rate of approximately 528 dwellings per year.

The Kinley Estate will provide for a lot of new housing (around 3,250 new dwellings) but our Major Activity Centres, suburbs and Townships play a critical role in providing for different housing choices.

The Housing Strategy aims to guide development to the right locations to best meet the ongoing needs of the community, including to provide suitable housing for all stages of life.

Council in tandem with other levels of Government has a legislative role to plan for future housing. Council's housing strategy can make a number of local changes but is also reliant on other levels of government to make policy and legislative changes to assist with the provision of housing into the future.

Key Issues

Community Feedback

Of the 358 comments received as part of the public exhibition:

- 81 relate to Housing Diversity
- 62 relate to the Residential Framework
- 46 relate to Housing Affordability
- 42 relate to Infrastructure, and
- 29 relate to Neighbourhood Character
- 20 relate to Environmental Sustainability
- The remaining 78 comments relate to general feedback.

The feedback on the themes/chapters in the Strategy included the following commentary (in summary):

Residential Framework

- The need for more opportunities for growth;
- Suggestions for where density should be encouraged;
- The need for a review of subdivision controls for areas at the interface between rural and urban land;
- Suggestions about the role of Yarra Ranges Council in Melbourne's overall development; and
- Housing Strategy implementation suggestions.

Neighbourhood Character

- Concern that trying to control neighbourhood character will lead to less affordability and less viable development.
- Comments on the relationship between neighbourhood character and achieving housing diversity and density.
- Concerns over the look of higher density housing.
- Concern with loss of trees and open space.
- Questions about the concept of neighbourhood character.

Housing Diversity

- The need for tiny houses.
- The need for improved housing options for people with a disability and for ageing people.
- The need for a better range of dwelling options.

Housing Affordability

- Achieving more affordable housing is a priority.
- Suggestions for what role council has in providing social and affordable housing.
- Concern with planning regulation and its impact on affordability.
- Comments on the relationship between density and affordability.
- Constraints to provision of affordable and diverse housing.

Environmental Sustainability

- Suggestions about Council's role in sustainability.
- Conflicts between sustainability and affordability.

Infrastructure

- Concern with timing of infrastructure delivery in relation to urban development, such as drainage, roads, community facilities and open space.
- Planning for future parking.
- A desire for more parklands and open space.
- Specific infrastructure suggestions.

Other Feedback – this included:

- Conflicts between Council's tourism objectives and the need for housing for locals.
- Concerns over short term rental accommodation.
- Bushfire risk.
- Some feedback on the draft Housing Strategy community engagement.

Public Agency Submissions – a submission was received from the Country Fire Authority (CFA) expressing concern between bushfire policy and areas suitable for increased housing. This is discussed further below.

A full summary of all feedback received by theme is included at Attachment 1 of this Report – *Draft Housing Strategy Consultation and Engagement Report*.

Community Issues and Responses

The following section summarises the key issues and suggestions raised under each theme, an officer response, and a summary of changes proposed to be made. A full overview of the feedback received, together with suggested responses, is included in Attachment 2 *Draft Housing Strategy Feedback Report*. This includes the changes proposed to be made to the Housing Strategy and Neighbourhood Character Study to respond to issues raised.

All proposed changes to the draft Housing Strategy and Neighbourhood Character Study are listed and summarised in Attachment 5.

Residential Framework

Key feedback	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
<p>There should be an analysis of larger lots across Yarra Ranges including green wedge land near townships, with potential changes to subdivision rules to allow more development.</p>	<p>The Housing Strategy already has an action to review subdivision provisions in the Low Density Residential Zone (Action 15).</p> <p>For land in a Green Wedge Zone, it is not within Council's powers to authorise further subdivision. This power resides with the State Government. Allowing further subdivision outside the Urban Growth Boundary and in Green Wedge areas is contrary to planning policy, which seeks to protect green wedge areas for agriculture, recreation, tourism, and a range of other land uses.</p>	<p>Retain existing action. No change</p>
<p>There should be more allowance for growth in some townships, including in town centres.</p>	<p>The draft Housing Strategy plans for growth in townships. Residential development is already allowable in commercially zoned parts of all townships. The draft Housing Strategy plans for some medium density development in residential neighbourhoods of the larger townships of Mt Evelyn, Yarra Junction, Yarra Glen and Healesville. Housing growth in townships needs to be balanced with a range of factors, like seeking to manage bushfire risk and access to sewer, while providing for some more diverse and affordable housing options for local communities.</p> <p>State Planning policy is to focus development into urban areas based around activity centres and transport nodes to maximise accessibility to facilities and services.</p> <p>The focus of housing growth occurring in the urban, western part of Yarra Ranges reflects anticipated housing need as set out in Chapter 5 <i>Housing Needs</i>.</p>	<p>No change</p>
<p>There is concern that the areas of Monbulk shown in the draft Housing Strategy for rezoning the Neighbourhood Residential Zone (NRZ) are not extensive enough.</p>	<p>The areas indicated as potentially suitable for NRZ rezoning in Section 7.4.1 <i>Monbulk</i> of the draft Housing Strategy were intended as preliminary areas to stimulate community discussion. Council is undertaking a peer review of the areas shown, which will inform preparation of a planning scheme amendment to rezone the land.</p>	<p>New action added to the Housing Strategy (Action 11):</p> <p><i>“Undertake a review of the Low Density Residential Zone areas in Monbulk that may be suitable for rezoning the Neighbourhood Residential Zone to enable modest infill development.”</i></p>

Neighbourhood Character

Key feedback	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
The proposed neighbourhood character controls will result in excessive planning permit applications.	<p>The suggested changes to planning controls contained in the draft Neighbourhood Character Study are not intended as planning permit triggers, and would be implemented as part of residential zone schedules. The standard zone and overlay permit triggers will continue to apply. In many cases, the proposed controls will be applied through the building system rather than the planning system.</p> <p>In Yarra Ranges, it is generally Planning Scheme Overlays that create planning permit triggers for single dwellings to consider other matters such as hazard or environmental impacts, rather than zones.</p>	No change
The proposed neighbourhood character controls should be made less onerous.	The proposed neighbourhood character provisions are contained in the <i>draft Neighbourhood Character Study 2021</i> that has been tested against several lot development outcomes, that concluded that the provisions will not unreasonably impact the viability of new development. Subdivision will be allowable and viable in urban areas, but the intensity of development (site cover, setbacks, walls on boundary, for example) will be tailored to the preferred neighbourhood character of each local neighbourhood area.	No change
Preserving neighbourhood character may conflict with the objective to increase density.	<p>The draft Housing Strategy seeks to respond to these concerns by:</p> <ul style="list-style-type: none"> • Identifying areas for varying levels of growth and change. • Articulating how neighbourhoods will change, and altered expectations of character in areas where growth will occur (known as preferred character statements). • Proposing future development settings in all neighbourhood character precincts, such as site cover and height. These are intended to enable a particular level of change to occur whilst keeping valued character aspects, such as spacing between buildings, landscaping, views, and other features. 	No change
Currently, too many trees and too much garden space is being removed as part of multi-unit development.	The suggested development settings in the draft Neighbourhood Character Study 2021 aim to achieve better design outcomes in residential areas, with more spacing around buildings and more space for landscaping and planting of canopy trees.	No change.

Housing Diversity

Key feedback	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
<p>Tiny houses can provide needed small accommodation if regulated appropriately and should be encouraged in the planning system.</p>	<p>The Victorian Government made changes to all planning schemes in December 2023 to make small secondary dwellings (SSD) easier to achieve, with less regulation than in the past. SSDs can include moveable structures.</p> <p>SSDs must be:</p> <ul style="list-style-type: none"> • No larger than 60sqm; • On the same lot as an existing dwelling; • Used as a self-contained residence; • And must include: <ul style="list-style-type: none"> ○ A kitchen sink; ○ Food preparation facilities; ○ A bath or shower; and ○ A toilet and wash basin <p>Depending on which zone or overlays apply to a property, SSDs in residential areas now generally only require a building permit.</p>	<p>Action 22 amended. Council will seek further legal advice on the regulation of tiny houses in the planning system.</p>
<p>Tiny houses on wheels should have less regulation.</p>	<p>As discussed in the draft Housing Strategy Section 9.3.1 <i>Tiny Houses</i>, these can occur in a number of different scenarios, each with different regulatory implications.</p> <p>Tiny houses on wheels need a building permit if they are used as a primary residence, which is necessary to protect lives and property.</p>	<p>No change</p>
<p>Council needs to consider appropriate house design for people with a disability and ageing people.</p>	<p>The draft Housing Strategy contains an action to “Consider the need for a Housing Design and Diversity Strategy, consistent with section 9.7” (Action 25). It is proposed to amend this action to add “Undertake a Housing Design and Diversity Strategy...”. This work will consider the matters raised in submissions on this issue, and will be translated into planning scheme controls.</p>	<p>Action 25 amended as indicated in the column 2.</p>
<p>Co-housing needs to be encouraged.</p>	<p>Co-housing is a housing option in Yarra Ranges and other parts of Victoria. There is general Council support in the draft Housing Strategy to explore innovative housing solutions with an affordability focus, however each individual proposal will need careful consideration before Council can reach a position of support.</p> <p>Cohousing is not allowed in the Green Wedge in Yarra Ranges, where only one dwelling per lot is allowable</p>	<p>No change</p>

Key feedback	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
	under State provisions in Green Wedge zones.	
Yarra Ranges needs different sizes and types of housing.	<p>The draft Housing Strategy recognises this issue, and seeks to address it through:</p> <ul style="list-style-type: none"> • Encouraging intensification of residential development in well located areas to provide more medium density and higher density housing options. • Encouraging smaller housing options • Undertaking a Housing Design and Diversity Strategy (Action 25), to be implemented into the planning scheme. 	Retain existing actions. No change

Housing Affordability

Key feedback	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
Council should be more proactive in getting more social and affordable housing.	<p>Chapter 10 <i>Affordability</i> of the draft Housing Strategy contains an extensive actions list, which includes actions for Council to explore use of Council land, and potentially State Government owned land for social and affordable housing, and to carry out feasibility studies on potential sites.</p> <p>A key action of Chapter 10 is also the creation of a Social and Affordable Housing Policy that articulates Council's position on social and affordable housing and outlines the principles, roles and pathways that will encourage and support increased local supply (Action 34).</p>	Retain existing actions. No change
Planning and related approval processes are too cumbersome, and can affect the viability of affordable housing supply.	<p>As part of the development of a Social and Affordable Housing Policy, Council will explore the pathways to encourage and support SAH, including potential fast-tracking of relevant development proposals incorporating SAH through the planning permit approval process.</p> <p>In September 2023, the State Government introduced a fast-track process for significant residential developments with affordable housing (Clause 53.23 of the Yarra Ranges Planning Scheme), which assists to address this concern about excessive regulatory burden.</p>	No change

Key feedback	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
Council should put strategies in place to compensate for the loss of housing due to the rise of short-term rental accommodation (SRTA).	Chapter 10 <i>Affordability</i> contains an action to develop an issues paper on short-term rental accommodation (Action 39). Following on from that work, actions can be identified to address housing issues associated with STRAs.	No change

Environmental Sustainability

Key feedback	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
Council needs to think about sustainability at a precinct level, rather than site by site.	This suggested approach is noted. The draft Housing Strategy contains an action to monitor the effectiveness of Clause 15.01-2L <i>Environmentally Sustainable Development</i> in the Yarra Ranges Planning Scheme, with a view to future refinements if necessary (Action 55 of the draft Housing Strategy). It is proposed to amend this action to make specific reference to considering a need for planning at a precinct level, for a more comprehensive approach to sustainability planning issues.	Action 55 amended as explained in column 2.
Policy for sustainability needs to be broader.	This is addressed by Action 57 of the draft Housing Strategy: "Consider the need for additional strategies for inclusion in Clause 15.01-2L (Environmentally Sustainable Development) in the Yarra Ranges Planning Scheme, such as for lighting in new subdivisions, passive design strategies, and food production areas."	No change
Environmental sustainability is not more important than housing affordability, and can compromise housing affordability.	It is acknowledged that sustainability requirements can add time, regulation, and ultimately cost to development. It is proposed to include a new action to the draft Housing Strategy: "Monitor the impact of Clause 15.01-2L <i>Environmentally Sustainable Development</i> on planning approval timeframes and planning application costs, with a view to future amendments to the policy." (Action 56)	New action added as explained in column 2.

Infrastructure

Key feedback	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
<p>Before new housing is allowed, existing infrastructure (drainage, roads, and other infrastructure) needs to be repaired and improved.</p>	<p>Roads and drainage infrastructure responsibility is shared between Council and other agencies.</p> <p>In relation to local roads (managed by Council), Section 12.3.1 <i>Traffic</i> explains that the draft Housing Strategy has sought to reduce allowable development density in some identified residential areas through the application of revised zones, to reflect road capacity. In other areas, Council regularly reviews traffic capacity of local roads and intersections to determine a program for priority improvement works.</p> <p>In relation to local drainage (managed by Council), Section 12.4.2 <i>Reticulated drainage system</i> of the draft Housing Strategy identifies a need to improve the coordination of planning for housing with infrastructure planning, which is being addressed by preparation of a Municipal Stormwater Management Plan.</p> <p>In relation to other relevant infrastructure agencies such as Melbourne Water and the State Government Department of Transport and Planning, the draft Housing Strategy contains actions to work collaboratively with these agencies, including an action to advocate to the State Government for improved public transport and road infrastructure in large activity centres and Substantial Change Areas (Action 67). There is a separate action to adopt a Council Stormwater Management Plan (SMP) (Action 65). The SMP will clearly identify Council's role in relation to other agencies, and how Council can work with key partners effectively.</p>	<p>No change</p>
<p>Drainage and flooding in Lilydale needs special attention, given its proposed residential growth.</p>	<p>Under the Housing Strategy, some parts of Lilydale such as along Main Street and Cave Hill Road, are proposed for rezoning from a Residential Growth Zone (RGZ) to an Activity Centre Zone (ACZ), allowing for slightly higher densities than currently permitted under the RGZ. Any future development within these zones will be required to incorporate on-site stormwater detention and onsite water treatment, in accordance with the Council's Development Engineering Guidelines. Site permeability standards will be maintained to ensure that the proportion of pervious surfaces remains consistent with current planning guidelines.</p> <p>To proactively manage stormwater and flood risks associated with growth, the Council is developing a new Stormwater Management Plan (SWMP). This plan will address gaps in stormwater management and</p>	<p>No change</p>

Key feedback	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
	<p>provide strategic and operational guidance for decision-making. The SWMP includes flood catchment prioritisation, integrating residential growth changes identified in the Housing Strategy with other criteria such as flood hotspots and Directly Connective Imperviousness (DCI) changes (i.e., how much 'hard surface' drains directly to waterways now, and how much this is expected to change in the future).</p> <p>Urban development and increased residential density do not necessarily equate to a worsened impact on flooding and local drainage, these impacts can be effectively managed through the integration of adequate stormwater management features such as appropriate finished floor levels, detention systems, and onsite water treatment. Council's SWMP and Engineering Development Guidelines outline specific requirements for future developments to achieve this goal.</p> <p>Council is also partnering with Melbourne Water to undertake flood modelling of entire municipality. This initiative aims to provide several benefits:</p> <ul style="list-style-type: none"> • Gather detailed information on the existing drainage network and keep this updated overtime as new assets are introduced. • Gain an understanding of the likely flood extents, depths, velocities and hazards across the municipality in current and future conditions, including natural flow paths. • Prepare flood mitigation projects for inclusion in Council's Capital Works Program. • Provide advice around appropriate development in flood affected areas. 	
New development needs better consideration of parking impacts.	<p>On-street parking is addressed at Section 12.3.2 of the draft Housing Strategy, with strategies proposed to better manage this including potential further use of parking restrictions in areas experiencing residential growth.</p> <p>Any strategies used will be monitored over time for how effectively they perform, with a view to improvements if needed.</p>	No change.
There is a need for more parkland in the urban area.	Council's Recreation and Open Space Strategy 2013-2023, is currently being updated and will further address this issue.	No change

Other Feedback

Key feedback	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
<p>Council's tourism focus undermines the interests of the local population on housing, particularly in relation to the impact of short-term rental accommodation on housing for the local population.</p>	<p>The draft Housing Strategy contains an action to develop an issues paper on short-term rental accommodation, its impacts on affordable rentals and the local economy (Action 39). This will be a critical piece of work to understand the issue, its impacts, and develop strategies and actions to address this.</p>	<p>Retain current action. No change</p>
<p>There are problems with the way public engagement occurred, and there should have been a specific focus group held to discuss flooding issues in Lilydale.</p>	<p>The community has been consulted on the development of the Housing Strategy through two rounds of consultation. The first stage of public engagement occurred in 2022 on the Housing Strategy Discussion Paper.</p> <p>A second round on the draft Housing Strategy occurred in late 2023 and included extensive community engagement including focus groups open to any member of the community to register to attend, structured around themes in the draft strategy.</p> <p>Infrastructure and local flooding issues were explored during the Focus Group sessions, however it did not have its own Focus Group.</p>	<p>No change</p>

CFA submission

A submission was received from the Country Fire Authority (CFA). The submission generally suggested that the draft Housing Strategy must re-prosecute areas already identified for housing growth and diversity, based on bushfire risk.

Yarra Ranges currently has some townships identified for housing growth and diversity, where a General Residential Zone currently applies and allows for modest housing growth. Three of these four townships are in areas of bushfire risk: Healesville, Yarra Junction and Mount Evelyn. The proposed approach in the Housing Strategy is to continue to allow for modest housing growth and diversity in these townships.

Council officers have queried the basis of the CFA submission with the Department of Transport and Planning, which has clarified that it is not government policy to retreat from existing settlements, and that there is no expectation that the Housing Strategy would re-prosecute the status quo in terms of the zoning of residential land.

The CFA submission raised the following matters, in summary:

Key points	Officer response	Proposed changes to the draft Housing Strategy or Neighbourhood Character Study
The draft Housing Strategy should better articulate how residential change areas (Chapter 7) are affected by bushfire policy, and how it directs development to low-risk areas.	Noted, further content has been added to Chapter 7 to clarify this issue.	Further explanation added.
The draft Housing Strategy should assess whether the areas it identifies for growth are the most suitable in terms of bushfire risk, or whether other locations may be preferable.	Noted, further commentary has been added to Chapter 7 to address this issue.	Further explanation added.
All new policy, such as neighbourhood character and landscaping requirements, should be assessed for whether it may exacerbate bushfire risk.	Further work will be done as part of preparing a planning scheme amendment to implement the Housing Strategy, to ensure there are no policy conflicts. Currently, landscaping and construction requirements in areas of bushfire risk are directed by the Bushfire Management Overlay, and the comments of the relevant fire authority on specific planning applications. This approach will continue under any new housing framework.	No change
Assessment of Low-Density Residential Zone (LDRZ) areas for ageing in place should be extremely limited, and well supported by bushfire analysis, as many of these have bushfire risk.	Action 15 to review the subdivision provisions of the Low-Density Residential Zone will include a bushfire analysis. The scope of that work will be a review of the application of the Low Density Residential Zone across Yarra Ranges, consistent with community feedback.	No change

Other proposed changes

Several other changes are proposed to be made to the draft Housing Strategy and Neighbourhood Character Study to address minor errors or anomalies, to improve the clarity or structure of information or to refine content. These changes are explained in detail in Attachment 5. In summary, the key changes include:

- The Design and Development Overlay 5 and 6 have specific subdivision controls, and currently apply to incremental change, and least change areas.

Due to the new neighbourhood character work that has been undertaken, the updated zone schedules will now address these provisions and these overlays will no longer be required in the planning scheme. It is proposed they be removed as part of a future planning scheme amendment. References to keeping the subdivision provisions of these overlays in both the strategy and NCS have been removed.

- Action 15 in Section 13.2 *Action Plan* is to ‘*Review the application and subdivision provisions of the Low Density Residential Zone*’ (LDRZ). In LDRZ areas, there is a lack of clarity and policy over proposals for second dwellings.

Second dwellings are allowable with a permit, however there is policy needed to assist decision making, which would cover issues such as landscape, built form, proximity to activity centres, and connection to reticulated sewer. Action 15 will be broadened to include this. Section 7.8 *Low Density Residential Zone* will be amended to include explanation of the need for this work.

- A new action has been added to Chapter 7 to undertake a ‘land consolidation study’ to identify land where consolidation may occur, and incentives that may be offered to developers to realise improved design outcomes through land consolidation (Action 5). This is a key opportunity identified by the Housing Strategy.
- New housing development is allowable in commercial centres throughout Yarra Ranges in the Commercial 1 Zone, if the housing is behind or above commercial frontages. The draft Housing Strategy did not contain guidance for this type of development in small and medium-size centres. Large and Major Activity Centres are subject to individual structure plans.

A new Section has been added to the Housing Strategy to explain the associated issues of access, parking, bushfire risk, design and waste collection. An action has been added for further work to create planning policy to guide the types, locations and other characteristics of development (Action 14).

- Township Suburban Precinct existing and preferred character statements in the NCS have been updated to make them more distinguishable from the Township Rural-Residential Precinct and to reflect that:
 - Township Suburban is a diverse character area – including both suburban and semi-rural/informal; and
 - There will be infill residential development, like in Monbulk, that is spacious and complements landscape character.
- Due to the increasing number of applications for childcare centres in residential areas, Council requires policy and direction in the planning scheme to assist in considering these planning applications.

A new section has been added to the Housing Strategy in the Infrastructure chapter to address this, with its associated issues such as loss of residential land, amenity, traffic and parking. A new action has been added to develop a local planning policy on childcare centres in residential areas in order to guide Council decision making (Action 68).

- It was identified that parts of Coldstream's residential area are not appropriate to include in a new neighbourhood character precinct (with new suggested planning controls for new development) in the NCS.

These areas of Coldstream have specific planning controls in the planning scheme that were introduced as part of the implementation of the Coldstream Structure Plan (Amendment C178). They are residential properties bordering small pocket parks, where subdivision is encouraged with the specific design intention that new dwellings will face and engage with the parkland areas.

The neighbourhood character of these properties will be guided by the current planning controls, so there is no need to revise planning controls.

- The townships of Launching Place, Wesburn and Millgrove are included in the Neighbourhood Residential Zone (NRZ5) which was applied by Planning Scheme Amendment C159, and includes specific restrictions on subdivision of an average of 1 lot to 2 hectares.

This requirement was transferred from the Upper Yarra Valley and Dandenong Ranges Regional Strategy Plan. However, there is no protection of landscape character for these areas, despite their low density planning requirements. They are also not included in a neighbourhood character precinct. An action has been included in Chapter 7 to investigate neighbourhood character and landscape protections for these NRZ5 areas (Action 12).

Options considered

Option 1 – Adopt the Housing Strategy and Neighbourhood Character Study with changes

The incorporation of key changes to the final Housing Strategy and Neighbourhood Character Study as recommended within this report respond directly to feedback received during community consultation. The adoption of both documents will enable actions within the Strategy to be commenced, including an amendment to the Yarra Ranges Planning Scheme to give effect to many of the actions, and continued work on social and affordable housing actions.

Option 2 – Adopt the Housing Strategy and Neighbourhood Character Study without changes

The Housing Strategy and Neighbourhood Character Study could be adopted as exhibited and without making any changes, however this would disenfranchise the community and undermine the significant community engagement process that has been undertaken.

Recommended option and justification

It is recommended that Option 1 be pursued. This will enable the finalisation of the Housing Strategy and Neighbourhood Character Study that includes and addresses matters raised by the community. The adoption of these documents will ensure Council has a clear framework in place to guide future residential development, play a role in providing social and affordable housing, housing diversity and sustainability and ensure housing is delivered in a way that is consistent with the unique landscape of Yarra Ranges.

FINANCIAL ANALYSIS

The preparation and exhibition of the draft Housing Strategy and planning scheme amendment are funded through Council's recurring operational Strategic Planning budget.

The implementation of the Housing Strategy requires the items listed in the action plan to be implemented over time.

APPLICABLE PLANS AND POLICIES

State Planning policy for the development of Melbourne, *Plan Melbourne 2017-2050*, requires Council to have a current housing strategy implemented in its Planning Scheme to meet the next 10-15 years of residential growth in the community.

State planning policy in the Planning Scheme at Clause 11.02-1S – Supply of Urban Land, requires Council to have a plan to accommodate projected population over at least a 15-year period and provide clear direction on the locations where new residential development will occur.

This is typically expressed in a housing strategy which is implemented into the Planning Scheme using residential zones and other planning scheme provisions.

This report contributes to the following strategic objective(s) in the Council Plan:

- Connected and Healthy Communities – by directing future population growth to areas with the best access to services, transport, employment options and with other benefits urban areas can offer.
- Quality Infrastructure and Liveable Places – by aiming to support the role of Yarra Ranges' activity centres as hubs of population growth which support local economic development, while preserving the valued characteristics of suburban areas.
- Protected and Enhanced Natural Environment – by directing population growth away from areas with significant landscapes or ecological significance.

The Council Action Plan lists Action 8 as follows:

- Amend the Planning Scheme by using the outcomes of the reviewed Housing Strategy to ensure housing needs of the community are met, new housing is well designed, provides for housing choice and improve neighbourhood character outcomes in residential areas.
- Overall housing needs of the community are met with appropriate design, plenty of choice and improved neighbourhood character.
- Actively liaise with building and architectural bodies to strongly put forward Council views.

This project has links across multiple Council strategies including but not limited to:

- Connected – the Integrated Transport Plan 2020-2040
- Health and Wellbeing Plan 2021-2025
- Healthy and Active Ageing Plan 2019-2023
- Liveable Climate Plan 2020
- Economic Development Strategy 2022-2032, and
- Guiding Principles on Housing and Homelessness 2020.

RELEVANT LAW

The *Planning and Environment Act 1987* and State policy requires all Victorian councils, through their Planning Scheme, to provide a framework for urban planning and the use and development of land, to plan to accommodate projected population growth over at least a 15-year period and provide clear direction on locations where population growth should occur.

The specific requirements for undertaking a Housing Strategy and considering Neighbourhood Character are set out in the State Government's Planning Practice Note 90 *Planning for Housing, DELWP* (December 2019).

Once complete, the Housing Strategy will be implemented into the Yarra Ranges Planning Scheme, which is informed by the State Government's Planning Practice Note 91 *Using the Residential Zones, DELWP*, (December 2019).

The *Gender Equality Act 2020* – A gender impact assessment has been undertaken on the Housing Strategy.

SUSTAINABILITY IMPLICATIONS

The new Housing Strategy when completed will contribute at a strategic level to the following:

Economic Implications

The Housing Strategy will guide new development to locations where infrastructure such as roads and drainage have capacity to support new development, which creates efficiency in the existing system and reduces capital outlay for new infrastructure.

By encouraging new development to be close to services and facilities, car dependency may be reduced which will lower transportation costs for residents.

The development of a new Housing Strategy will include policy and planning provisions to ensure an adequate supply of land is available and support collecting developer contributions towards infrastructure to support communities. These should have a positive effect on the cost of housing.

Social Implications

New policy to support social housing through partnerships and providing land will assist in increasing the supply of social and affordable housing available in Yarra Ranges.

The design of new housing is being considered by the Housing Strategy to improve accessibility for all residents regardless of age or abilities.

Environmental Implications

At a strategic level, the draft Housing Strategy seeks to improve the response of new residential development to climate change, currently regulated by planning and building controls. Strategies to address this include:

- Areas for new residential development are located away from areas of environmental risk, landslip or fire;
- Council is encouraging the adoption of Environmentally Sustainable Design (ESD) at the earliest stage of development in new residential buildings to address solar orientation, energy consumption materials and the re-use of water;

COMMUNITY ENGAGEMENT

In preparation for the draft Housing Strategy to be exhibited, the draft was informed by engagement undertaken on the *Housing Strategy Review Discussion Paper* and supporting documents, including a draft Neighbourhood Character Study in March and April 2022. A number of community engagement activities were undertaken during that time to enable input.

Engagement activities for the draft Housing Strategy included:

- Exhibition for a six-week period finishing in early December 2023.

- A Shaping Yarra Ranges webpage with links to the draft Housing Strategy, a summary brochure, FAQs, an explanatory video and interactive map, all of which were accessible for the entire consultation period.
- Promotion including a media release, social media, via Council's e-newsletters and local newspapers.
- Events including an online information webinar, information stalls, briefings to stakeholder groups, with young people at a local school and Council advisory committees and targeted focus group sessions.
- Direct notification to over 200 property developers and consultants, State and Federal MP's, Government Agencies, community groups and individuals.

In response to a petition submitted on flooding issues in Lilydale as part of the consultation on the draft Housing Strategy, Council engineers have met with members of the local community in Lilydale to understand drainage and flooding concerns.

Housing Community Reference Group (CRG)

During the consultation process for the Discussion Paper nominations to be a part of an external Community Reference Group were sought. Ten members were appointed to the group and include representatives from housing associations, social housing providers, development industry and the community. Several meetings with the CRG were held to assist in the ongoing development of the Housing Strategy.

Advisory Committees

The draft Housing Strategy was shaped by feedback received in 2022 during consultation on the Housing Strategy Discussion Paper, by the Positive Ageing Reference Group, the Youth Advisory Group, the Indigenous Advisory Committee, the Sustainable Environment Advisory Committee, and the Disability Advisory Committee. The Positive Ageing Reference Group were also briefed as part of public engagement on the draft Housing Strategy, as well as the Township Network and Health and Wellbeing Advisory Committee.

The above consultation resulted in 358 comments on the draft Housing Strategy.

Further information on the engagement activities undertaken is discussed in Attachment 1, and the details and findings from the engagement in Attachment 2.

Future Planning Scheme Amendment

Following on from adoption of the Housing Strategy, a further consultation process will occur as part of a planning scheme amendment to implement the land use actions of the Housing Strategy, which will be required to meet the legislated notification requirements of the *Planning and Environment Act 1987*. In summary, this includes notification over a minimum 28-day period through:

- Notification in local newspapers

- Letters to affected land owners and occupiers and other key stakeholders in the community.
- Information available on Council's website and Council offices.
- Direct notification to relevant government agencies and departments.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

The development of the final Housing Strategy and Neighbourhood Character Study has relied on both internal and external engagement undertaken during the Discussion Paper phase and the draft Housing Strategy engagement phase. This has included the following:

Internal

The Housing Strategy has been prepared in collaboration with internal stakeholders that includes the following teams:

- Community Wellbeing.
- Economic Development and Investment.
- Environmental Stewardship.
- Planning and Building.
- Health.
- Infrastructure Strategy.
- Aged and Disability.
- Indigenous Development.

External

A Community Reference Group has been established to assist with the ongoing preparation of the draft Housing Strategy. The membership of this group includes representatives from housing associations, social housing providers, development industry and the community.

State Government

The review of the Housing Strategy is undertaken in the context of State Planning requirements which will provide overarching guidance for its development. The Housing Strategy considers Amendment VC253 that introduced provisions into all planning schemes in Victoria to enable a small second dwelling (SSD's) on

residential zoned land without a planning permit (in most instances) and green wedge land with a planning permit.

The Housing Strategy will also include actions to enable further consideration of Social and Affordable Housing in association with relevant State Government programs.

Council also recently discussed the CFA's submission with officers from the Department of Transport and Planning who advised that:

- It is not State Government policy to retreat from existing settlements.
- There is not an expectation that the Housing Strategy would re-prosecute the status quo in terms of the zoning of residential land.

Government Agencies and Members of Parliament

Direct notification of the draft Housing Strategy was given to:

- The Department of Transport and Planning.
- The Country Fire Authority.
- Melbourne Water.
- VicTrack.
- Infrastructure Victoria.
- Yarra Valley Water.
- All relevant State and Federal Members of Parliament.

As discussed under Key Issues above, the CFA provided a detailed submission. No other agencies provided feedback.

RISK ASSESSMENT

Council is obligated by the State Government to have a Housing Strategy to provide for the next 15 years of change and growth in its population. The Review of the Housing Strategy is intended to meet Council's legislative obligations.

The greatest risk to the project is potential delays which may be caused by factors such as:

- Further planning reforms implemented by the State Government to give effect to *Victoria's Housing Statement: The decade ahead 2024-2034*.
- Any recommendations from the recent IBAC Operation Sandon Report that will be responded to by the State Government.

- The local government election period in October 2024.
- A risk of needing to re-exhibit the Housing Strategy, if submissions raise issues that require broad and fundamental changes.

CONFLICTS OF INTEREST

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

ATTACHMENTS TO THE REPORT

1. Consultation and Engagement Report
2. Engagement Feedback Report
3. Final Housing Strategy
4. Final Neighbourhood Character Study
5. Summary of Proposed Changes to Draft Housing Strategy and Draft Neighbourhood Character Study