

PLAN FOR VICTORIA SUBMISSION

Report Author: Principal Strategic Planner
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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

On 4 July 2024 the State Government opened its formal period for seeking submissions on the following eight “Big Ideas” for its new Plan for Victoria document that will shape the future of Victoria:

- More homes in locations with great public transport access.
- More housing options for all Victorians, including social and affordable homes.
- More jobs and opportunities closer to where you live.
- More options for how we move from place to place.
- More certainty and guidance on how places will change over time.
- More trees and urban greening in our parks and community space.
- More protections from flooding, bushfire and climate hazards.
- Greater protection of our agricultural land.

The State is seeking is seeking submissions on these ideas and the recently released housing targets until 30 August 2024.

A submission responding to the eight ideas and housing targets is at Attachment 1.

RECOMMENDATION

That Council endorse the submission to Plan for Victoria generally in accordance with Attachment 1.

RELATED COUNCIL DECISIONS

None

DISCUSSION

Purpose

The purpose of this report is to present a proposed submission to the eight big ideas and the draft housing targets presented as part of the Victorian Government consultation on the new Plan for Victoria.

Background

Plan Melbourne 2017-2050

Plan Melbourne 2017-2050 is the current strategic plan for metropolitan Melbourne, which is intended to integrate long-term land use, infrastructure and transport planning until 2050. It is accompanied by a five (5) year implementation plan with 112 actions.

The policies of *Plan Melbourne* are integrated into State level planning policy in local government planning schemes, and *Plan Melbourne* influences a range of other State government funding and decision-making, including (but not limited to):

- Support for key economic sectors.
- Funding for key programs, such as the Investment Attraction and Assistance Program.
- Establishing key State-level infrastructure.
- Developing plans for urban renewal precincts, in collaboration with relevant local governments.
- Identifying needed infrastructure to support metropolitan areas identified for growth and development, such as utility improvements and open space.
- Identifying special governance arrangements for particular issues.

Proposed Plan for Victoria

The Victorian Government now intends to replace *Plan Melbourne* with a new Plan for Victoria, which would provide direction until 2050. This is due to:

- Recognition of the fast rate of residential growth and development, which is forecast to see eight (8) million people living in Melbourne and two (2) million in regional Victoria by 2050.
- The need for revised planning approaches for how Victorians live, work and connect, due to the high rate of population change, and critical current issues such as housing affordability.

Housing Targets

On 16th June 2024, the Victorian Government released draft housing targets for each of Victoria's 79 councils, to show where 2.24 million new homes can be built by 2051.

The need for the targets is driven by a range of factors, including:

- A National Cabinet target 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 pressure to states and territories to increase supply, including through planning reform.
- The Victorian Government's Housing Statement, 2023, to address housing supply in Victoria with a target of 800,000 homes in the next decade.
- The high rate of population growth in Victoria.
- The national housing affordability crisis.

The Victorian Government's intention is that once the targets are refined and agreed following the current consultation, councils will be required to demonstrate sufficient capacity in planning frameworks, and the zoning of urban land, to accommodate the identified housing needs.

Information from the Victorian Government indicates that the targets were calculated based on:

- An area's proximity to jobs and services.
- Level of access to existing and planned public transport.
- Environmental hazards like flood and bushfire risk.
- Current development trends and places already identified for more homes (like Suburban Rail Loop Precincts).

- Demonstrated development potential in established regional cities in Victoria.

For Yarra Ranges, the targets indicated that in the 28 years between 2023 and 2051, 28,000 new homes will need to be accommodated, equating to 1000 homes per year.

One of the key challenges is the number of houses that are currently being used as short-term rental accommodation and the impact they are having on housing supply and rental affordability. It is likely that trend will continue to occur without intervention from the State Government.

Compatibility with the Yarra Ranges Housing Strategy

The Yarra Ranges Housing Strategy, adopted by Council on 11th June 2024, has a time horizon of 15 years, consistent with current State Government planning policy.

Over this time, the Housing Strategy plans for 11,000 dwellings (or 730 dwellings per year), based on direction (at the time of writing the Housing Strategy) in the Victorian Government's *Eastern Metro Land Use Framework Plan*.

The draft housing targets released by the Victorian Government, are generally aligned with the 15-year lifespan of the Housing Strategy. Beyond the 15-year time horizon, opportunities may need to be identified for how Yarra Ranges can accommodate further residential development, such as through rezoning of land, and/or new strategic redevelopment sites.

If the draft housing targets become part of a new Plan for Victoria, this added housing capacity will need to form a part of a new Housing Strategy post-2039 (when the recently Adopted Housing Strategy expires).

The targets seek housing capacity in excess of the current rate of building approvals and constructed dwellings:

- An average of 569 residential building approvals have been issued annually over the last five years.
- The current rate of residential development is 528 dwellings annually.

The discrepancy between these figures shows that the barriers to achieving further housing extend beyond the planning regulatory system to issues driven by the market, such as the cost of construction and the cost of labour.

Consultation Undertaken

Preliminary consultation on Plan for Victoria has taken place with key decision-makers and local government, as well as leaders from the housing, development, environment and community sectors.

Council officers have met with officers from the Department of Transport and Planning on two occasions to discuss the Plan and housing targets.

Broader community consultation opened on 22 February 2024 through the State Government's Engage Victoria website to gather ideas.

The State has indicated that it has collected around 9000 pieces of feedback and had 850 hours of conversation with community, councils, and stakeholders, and that key messages received have been that valued attributes of a future Victoria are:

- Leafy green streets with trees, parks and open space.
- Better public transport, walking and cycling connectivity.
- Affordable homes for everyone.
- Protecting the valuable land where our food is grown.
- Vibrant and social places for people to connect and thrive.

The feedback received has assisted to identify the eight Big Ideas for Victoria's future.

Big Ideas for Victoria's Future

The eight Big Ideas identified by the State Government are:

- More homes in locations with great public transport access.
- More housing options for all Victorians, including social and affordable homes.
- More jobs and opportunities closer to where you live.
- More options for how we move from place to place.
- More certainty and guidance on how places will change over time.
- More trees and urban greening in our parks and community space.
- More protections from flooding, bushfire and climate hazards.
- Greater protection of our agricultural land.

Further information on the ideas is at Attachment 2.

Feedback and submissions are now invited from the public and other stakeholders until 30 August 2024 on both the eight big ideas and the housing targets and the best way to deliver them.

Key Issues

The following are the key matters raised (in summary) in relation to the eight big ideas and housing targets as further discussed in the submission at Attachment 1.

Big Ideas

Big Idea No.	Issues/suggestions
Big Idea 1 – More homes in locations with great public transport access	<ol style="list-style-type: none"> 1. Suggestions for assistance the Victorian Government can provide to the land development sector, councils, and other stakeholders to encourage development, on issues such as: <ul style="list-style-type: none"> • Addressing land contamination • Ways to achieve land consolidation • Means to address parking and infrastructure shortfalls 2. A need to review activity centres and other areas targeted for significant growth, based on clear and transparent criteria, and leveraging significant infrastructure investments.
Big Idea 2 – More housing options for all Victorians including social and affordable homes	<ol style="list-style-type: none"> 1. A need to review the requirements of the <i>Planning and Environment Act 1987</i> for Councils to negotiate with property developers to achieve social and affordable housing. 2. Explore reforms to encourage social and affordable housing, including policy and tax reform. 3. Explore use of surplus State Government owned land, in well located areas, incorporating the application of inclusionary zoning. 4. Explore creation of State level planning policy on housing diversity.
Big Idea 3 – More jobs and opportunities closer to where you live	<ol style="list-style-type: none"> 1. Explore means to address conflicts between high density residential land uses in activity centres and commercial land uses. 2. Review the Mixed Use Zone, which is commonly used in activity centres and allows some land uses that may cause amenity impacts for residential land uses.
Big Idea 4 – More options for how we move around from place to place	<ol style="list-style-type: none"> 1. A need for acceptance that outer-suburban areas are car dependent, and to explore how car usage in these areas can become more sustainable, rather than a focus on applying inner-urban planning approaches to minimise car usage. 2. Promotion of Yarra Ranges Integrated Transport Strategy, and its directions and advocacy items, which State Government assistance will assist to realise, such as the duplication of the railway line and a new train station at the Kinley Estate. 3. Promotion of the Lilydale Bypass as a solution to traffic and movement issues in Lilydale, as recommended by the Lilydale Structure Plan.
Big Idea 5 – More certainty and guidance on how places	<ol style="list-style-type: none"> 1. Recognition of the uncertainty created by the announcement of the housing targets, without prior consultation with councils and communities, and uncertainty over what this will mean for local

Big Idea No.	Issues/suggestions
will change over time	neighbourhoods. 2. Recommendation for a review of planning provisions that apply to activity centres.
Big Idea 6 – More trees and urban greening in our parks and community spaces	1. The need to consider private land in addition to public land, in seeking to increase tree canopy, in keeping with Council's neighbourhood character policies. 2. Potential issues with relying predominantly on public open space areas for additional tree canopy. 3. The need for State Government direction on how canopy targets can be identified for particular areas. 4. Suggestions for alternative forms of urban greening, besides canopy trees alone.
Big Idea 7 – More protections from flooding, bushfire and climate hazards	1. The need for any final housing targets to recognise the large areas in Yarra Ranges are affected by environmental risks associated with flood, bushfire, and landslip and may not be viable options for future housing. 2. The varying advice Council has received from the State Government over planning for bushfire, as part of preparing the Yarra Ranges Housing Strategy 2024, and the need for clear guidance for all councils. 3. The need to target infrastructure improvement spending on activity centres identified for growth and change.
Big Idea 8 – Greater protection of our agricultural land	1. The potentially negative effects of allowing additional residential development outside the urban growth boundary (UGB), such as reducing agricultural viability. 2. Explanation of the negative effects that can result from the conversion of agricultural land to lifestyle properties. 3. Explanation of the complex relationship of tourism with agriculture, and the need for clearer planning policy. 4. The need for improved planning scheme controls over the dumping of soil on green wedge land, such as from urban subdivision and development. 5. The need for planning permit exemptions for rural workers' accommodation. 6. The need for more flexibility in green wedge policies and zones to allow for new and innovative agricultural practices.

Housing Targets – Key Issues

The following key matters are raised in Council's submission:

- The time horizon for the housing targets does not equate to the time horizon for local government housing strategies (28 years, as opposed to 15 years), meaning that it is unclear how councils can demonstrate the required capacity over 28 years.

- It is unclear what the implications would be for councils that did not demonstrate the required capacity.
- Uncertainty over what types of housing would be counted towards the targets, such as retirement villages, and temporary housing like transitional housing and seasonal workers accommodation.
- The need for an improved State Government framework for development contributions schemes, or provision for other sources of funding to assist councils to make the necessary infrastructure improvements to support growing populations.
- The need to improve the responsiveness of the Yarra Ranges Planning Scheme due to the legislative requirement to adhere to the *Upper Yarra Valley and Dandenong Ranges Regional Strategy Plan*.
- Uncertainty over the importance of neighbourhood character in future planning for housing by local governments.
- Concerns with State Government modelling to inform the draft housing targets.
- Concerns with the narrow focus of State and Federal Governments on housing supply issues, when housing affordability is affected by a far larger range of variables.
- A need for State level policy direction on housing diversity, which is a critical determinant in housing affordability.
- Concerns with the short timeframes councils and other stakeholders have been given to consider the draft housing targets.

Options considered

Option 1 – That Council endorse the submission to Plan for Victoria contained in Attachment 1

Council endorsement of the submission will enable its lodgement with the State Government by the due date of 30th August 2024.

The commentary, concerns and suggestions contained within the submission will assist the State Government to shape the Plan for Victoria and to refine the housing target for the Yarra Ranges municipal area.

Option 2 – That Council does not make a submission to Plan for Victoria

Council could refrain from making a submission, however this may create a risk that the Plan for Victoria and the housing target attributed to Yarra Ranges may be developed by the Victorian Government without detailed understanding of Council's specific concerns and suggestions.

Recommended option and justification

It is recommended that Option 1 is pursued. This will inform the Victorian Government of Councils' specific and localised concerns, in order to inform the preparation of a Plan for Victoria in late 2024, incorporating a housing target for Yarra Ranges.

FINANCIAL ANALYSIS

The preparation of a submission to Plan for Victoria is accounted for through the Strategic Planning budget.

APPLICABLE PLANS AND POLICIES

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

- Connected and Healthy Communities – by encouraging future population growth to areas well connected to existing infrastructure and services.
- Quality Infrastructure and Liveable Places – by encouraging the role of activity centres as hubs of population growth which support local economic development, while preserving the valued characteristics of suburban areas and green wedge areas.
- Protected and Enhanced Natural Environment – by encouraging limited population growth in green wedge areas, outside the urban growth boundary.

The submission contained in Attachment 1 has links across multiple Council strategies including but not limited to:

- Yarra Ranges Planning Scheme
- Connected – the Integrated Transport Plan 2020-2040
- Health and Wellbeing Plan 2021-2025
- Liveable Climate Plan 2020
- Economic Development Strategy 2022-2032
- Tree Canopy Strategy 2024

RELEVANT LAW

A new strategic plan for Victoria is not required by law, but when completed, will be integrated into State policy within local government planning schemes.

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).

SUSTAINABILITY IMPLICATIONS

Economic Implications

It is unclear what key directions the new Plan for Victoria will include. It is anticipated to be consistent with the Victorian Government's Housing Statement, 2023, which generally encourages new development to locations where infrastructure such as roads and drainage have capacity to support new development. This 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. These directions are consistent with the Yarra Ranges Housing Strategy, 2024.

Social Implications

The submission contained in Attachment 1 emphasises the need for State Government policy direction on housing diversity, which will improve housing accessibility and affordability for all residents regardless of age or abilities, and will encourage inclusive, well-connected communities.

Environmental Implications

The submission contained in Attachment 1 emphasises the need to protect green wedge land from residential development, and through strengthened planning policy on key issues, such as rural-residential development, tourism-related development, and the dumping of soil. The submission also emphasises the need for housing targets in Yarra Ranges to reflect the significant range of environmental hazards in Yarra Ranges, such as bushfire, flood, and landslip.

COMMUNITY ENGAGEMENT

Council has not undertaken engagement with the Yarra Ranges community in formulating the response contained in Attachment 1, as this is a State Government run consultation exercise. However, the State Government has engaged with the general public and relevant stakeholders, as described above under 'Background' – 'Consultation Undertaken to Date'.

Consultation remains open until 30th August 2024, for any person, group or organisation wishing to make a submission to the Victorian Government.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

In formulating the above response, the Strategic Planning Department invited relevant internal departments of Council to contribute, including:

- Urban Design
- Economy, Tourism and Culture
- Open Space Strategy and Planning
- Recreation and Sport
- Infrastructure Services
- Social Infrastructure Planning
- Health and Wellbeing
- Climate and Nature

RISK ASSESSMENT

There is no risk associated with providing a submission to the State Government's Plan for Victoria.

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. Proposed Submission to the Victorian Government's Plan for Victoria
2. Big Ideas for Victorias Future Summary Paper