Introduction

Melbourne, a vibrant and growing metropolis, faces a critical challenge: balancing its expanding population with the imperative to preserve valuable agricultural land and the environment while maintaining a high quality of life for all residents. Plan Melbourne, characterized by urban consolidation within a fixed Urban Growth Boundary (UGB), transit-oriented development, and a focus on activity centers, has demonstrated limited success in curbing sprawl and raises concerns about affordability and other limitations.

This submission aims to identify key issues with the current metropolitan strategy and present actionable solutions for a more equitable, sustainable, and prosperous future for the state.

Several problematic elements exist within Plan Melbourne's current approach:

Issue 1 – Unintended consequences of the Urban Growth Boundary

The Urban Growth Boundary (UGB) has long been a central pillar of Melbourne's metropolitan planning strategy, aiming to contain urban sprawl and protect valuable agricultural land. While the UGB currently holds less significance due to the ample land available within it, its long-term efficacy and impact on housing affordability raise concerns.

Historically, Melbourne's expansive UGB has provided an extensive supply of greenfield land, delaying immediate housing shortages. However, as this land dwindles, prices will rise and the UGB will face increasing pressure to expand.

The UGB's Vulnerability and Global Precedents

The vulnerability of UGBs to political and economic pressures is well-documented globally. Numerous examples, including Portland's multiple expansions and the extension of urban limit lines in Californian cities, highlight the challenges of maintaining these boundaries in the face of growth demands. Melbourne's own UGB has not been immune, with expansions to include parts of Mitchell Shire and a 2018 amendment allowing for significant development in Bacchus Marsh (for up to 55,000 new Melbourne connected residents), just outside the boundary.

The UGB can be likened to a dam designed to contain urban sprawl. However, like a dam that can overflow or breach under pressure, the UGB's effectiveness ultimately hinges on its ability to withstand political and economic forces. While regulations now require the support of both houses of parliament for further UGB changes, this does not guarantee its permanence. Pressure will build closer to the time that the land in the UGB is exhausted – a political hand grenade for future politicians.

The UGB's Impact on Housing Affordability

As available land within the UGB decreases, the cost of greenfield lots will inevitably rise. This scarcity, coupled with the persistent demand for this housing type, will fuel land banking, speculation, and a cycle of price increases based on the laws of supply and

demand. Consequently, homebuyers will be forced to consider more expensive, higher-density housing options in established areas.

It's important to recognize that higher-density housing in established areas often entails higher construction costs, greater labor demands, and ultimately, higher prices per square meter. Additionally, developing in established areas presents numerous challenges, including NIMBYism, infrastructure constraints, heritage considerations, and site limitations - That is not to say it is bad.

The below chart, from page 10 of the feasibility guide for town planners (2020) by Sydney University provides an indication of construction costs per square metre for different types of developments. It should be noted that this chart shows construction costs only, and is different (and less) than the cost a dwelling needs to sell for to be viable.

Figure 1 – Cost of construction for different types of dwellings per square metre

	Detached	Town house	Walk-up	Mid-rise (<10 storeys)	High-rise (11-20)	High-rise (21-40)	High-rise (40+)
Sydney	2,590	2,600	2,670	4,050	4,460	5,500	6,640
Melbourne	2,470	2,590	2,640	3,630	4,050	4,630	5,260
Brisbane	2,560	2,380	2,660	3,520	4,010	4,330	4,810
Adelaide	2,280	2,440	2,380	3,330	3,520	3,770	
Perth	2,200	2,230	2,230	2,960	3,370	4,010	4,830
Darwin	2,640	2,830	2,830	3,160	3,190	3,520	
Canberra	2,410	2,720	2,850	4,330	4,710	5,260	

Ironically, the UGB, intended to curb sprawl, may have inadvertently exacerbated sprawl *within* its boundaries – a point little considered by planners. The perceived security of a fixed UGB might have fostered complacency, leading to the continued acceptance of low-density development within the UGB. Despite recent efforts by the Victorian Planning Authority (VPA) to increase density in some newer areas, these efforts have not been accompanied by adequate investment in public transport infrastructure.

In essence, while the UGB aims to contain urban sprawl and preserve valuable land, its effectiveness is not guaranteed and it is likely to push up house prices – particularly as land supply dwindles. As Melbourne's population continues to grow, the UGB's limitations and unintended consequences need to be carefully considered to ensure a sustainable and affordable housing future for all Melburnians.

Proposal 1: A Dynamic Approach to Growth: The Flexible UGB with Mandatory Density Targets

To ensure a sustainable, affordable housing future for all Melburnians, particularly young people and those yet to enter the property market, a more dynamic and balanced approach is proposed.

Flexible Urban Growth Boundary (UGB): This approach centers on a flexible UGB, reviewed every five years and adjusted by up to 2% of the area of Greater Melbourne, to maintain a minimum 15-year land supply. This adaptability would act as a pressure release valve, allowing for controlled expansion when necessary, preventing the buildup of unsustainable pressure on land prices and housing affordability. Even if no changes were needed in the first review, announcing the policy change would send a signal to land bankers that they are better off investing their time and resources in other activities.

Mandatory Density Targets: Simultaneously, to safeguard valuable agricultural land, preserve the environment, and mitigate sprawl, mandatory average density targets of 40 to 60 dwellings per hectare would be implemented for all **new** Precinct Structure Plans (PSPs) in Melbourne. This density prioritizes the development of affordable, low-rise housing options like townhouses and walk-up apartments – which have low construction costs as per figure 1, minimizing land consumption while accommodating population growth and offering diverse housing choices. 40dph to 60dph could not be done for existing PSPs as they have been planned with infrastructure proportionate to the expected population.

Impact of above changes on the construction industry:

The Victorian housing landscape presents a complex challenge. The average size of new dwelling in Melbourne, spanning 241 square meters, ranks among the world's largest. Additionally, a significant portion of new housing consists of high-density dwellings, which, while smaller in footprint, demand more labour and investment per square meter, as reflected in their higher prices shown in figure 1. This combination of factors places a considerable strain on the construction workforce.

The government's own "State of the Victorian Labour Market 2023" report confirms that construction is the sector with the highest number of occupational shortages, including crucial trades like carpenters, joiners, and bricklayers. Yet, in 2023, only 51,045 new dwellings were approved, a mere 63.75% of the 80,000 annual target needed to achieve the government's goal of 800,000 new homes within a decade.

While Victoria's construction industry is sizeable by western standards, it struggles to meet the growing demand for housing. Past peaks in construction activity, approaching 80,000 dwellings in a single year, demonstrate that the industry's capacity is not fixed but is influenced by competition from other sectors, such as commercial projects and infrastructure. This "crowding out" effect further exacerbates the labour shortage in residential construction.

The question looms large: How can Victoria significantly ramp up housing production with an already strained construction workforce? This is a critical issue to be addressed if the state hopes to address its housing affordability crisis and ramp up supply. Four potential options emerge:

a.) **Rely on free market forces to provide more labour:** This approach assumes that market dynamics will naturally attract more workers to the construction sector through higher wages and increased demand. However, historical evidence from the last two decades – which have experienced serious construction shortages most of the time, suggests this is unlikely to happen on the scale required. Even if the workforce did expand significantly, it could come at the expense of other industries, creating an imbalanced and non-diversified state economy increasingly subject to the ups and downs of one key industry.

b.) A second option to would be to **cut state government projects,** thereby freeing up construction labour for residential building. Major projects like the Metro Tunnel, West Gate Tunnel, and especially the Suburban Rail Loop (SRL), are significant consumers of this scarce labour resource.

The SRL, in particular, stands out as a controversial anomaly in Australian infrastructure development. Despite failing conventional cost-benefit analyses, the Victorian government remains committed to this immense project, projected to cost a staggering $216.7 billion by the Parliamentary Budget Office.

The Victorian Auditor General's assessment, based on standard cost-benefit analysis, reveals a dismal return of only 51 cents for every dollar invested in the SRL. While an earlier KPMG analysis, commissioned by the government, suggested a marginally positive outcome, it relied on unconventional methodologies – as correctly pointed out by the Auditor General, including an unusually low 4 percent discount rate. Even with these generous assumptions, the project's projected benefits were far less impressive than those of most projects.

Standard economic evaluation, the bedrock for assessing countless projects across Victoria, Australia, and other developed nations, paints a stark picture: 49 cents of every dollar invested in the SRL will be effectively wasted, resulting in a loss exceeding $100 billion on the total projected construction costs, which are in any case notoriously prone to overruns. This level of wastage is unprecedented and represents a colossal misallocation of resources.

By proceeding with the SRL and ignoring the Auditor General – a highly qualified and independent officer of the parliament who should be treated with the utmost seriousness and respect, the government is ignoring the gold standard of infrastructure project evaluation, meticulously developed by world-renowned economists. Furthermore, the ripple effects of this decision will be felt across society. The absorption of labour by the SRL will drive up construction costs and hinder housing development, exacerbating the existing housing crisis – consequences not even factored into a cost-benefit analysis, yet of great significance and scale considering the scale and duration of this project.

c.) **Modify the building approvals system to support pre fab housing** (it is currently an impediment) which can be constructed with minimal labour. Although the pre fab housing industry is small in Australia - the right building approvals system and

incentives could make it grow as well as attract low cost Asian imports. Whilst there is great potential to this idea, it may not happen and is beyond the scope of the metro strategy.

D.) **Medium Density Housing Approach:** To maximize housing output with a constrained labour force, Victoria could strategically shift its focus towards medium-density housing development. By implementing regulatory measures that require a mandatory density of 40-60 dwellings per hectare (dph) in growth areas, the construction of townhouses and low-rise, walk up apartments would be incentivized.

This approach offers a dual advantage: significantly reducing the average dwelling size from the current 241 square meters for new dwellings in Melbourne and characteristic of traditional low-density housing, while maintaining comparable labor requirements per square meter, as illustrated in figure 1. This translates to the ability to construct a significantly greater number of dwellings with the existing workforce, effectively addressing the critical labour shortage plaguing the construction sector.

Furthermore, prioritizing medium-density housing proves more advantageous than focusing on high-density development. As depicted in figure 1, high-density housing requires the most intensive construction efforts, leading to substantially higher costs per square meter. By opting for medium-density alternatives, Victoria can achieve a more balanced and efficient approach to housing production, maximizing output while remaining mindful of labour constraints and cost considerations. Any slack in the labour force could allow the Government a better opportunity to develop social housing at good prices.

While encouraging medium-density development in established areas is also important, it's worth noting that regulatory support for this has existed for decades, and the most promising opportunities are dwindling. Additionally, development in these areas is often slow and expensive due to high land costs and complex building constraints. Therefore, a strategic focus on medium-density development in growth areas offers the most promising path towards addressing Victoria's housing affordability challenge.

Further commentary:

Given the state's limited construction capacity, high population growth, and high demands on the construction workforce from government projects and residential housing, something has to give if nothing is done. If population growth is curtailed, we may face higher prices for services, higher interest rates, and difficulties accessing essential services like healthcare and childcare. If first-home buyers bear the brunt, the affordability crisis will deepen.

Further Advantages to proposal 1 (The Flexible UGB with Mandatory Density Targets)

- **Sustainable Land Use:** By balancing land release with density requirements, this approach ensures that Melbourne's growth is carefully managed, protecting both the environment and valuable agricultural resources.
- **Resolution of skills shortages:** The shift towards medium-density housing would allow the industry to produce more homes with existing resources and potentially mitigating the impact of skills shortages in many other areas relevant to land release including planning, surveying and within utilities authorities. The entire set of skills necessary for developing housing would stretch much further in terms of numerical dwelling numbers. Materials shortages would become less likely – as despite Melbourne being only one city, it is a big one.
- **Lower land and housing costs**

  Resolution skills and materials shortages would also make the cost of both housing and new residential land cheaper for consumers, even at a per square metre rate. The benefits would flow through to the Government for lower cost infrastructure development, as well as social and public housing development.

- **Reduced Sprawl:** At 40 dwellings per hectare, Melbourne could accommodate significant population growth (e.g., 60,000 people per year) with minimal land consumption, requiring an estimated 9 square kilometers annually – a figure which includes commercial areas, arterial roads, community infrastructure and encumbered land. This significantly curtails urban sprawl, even within the UGB. Over a decade, approximately 100km2 would be required – equivalent to 1% of the area of greater Melbourne today (9992km2).
- **Enhanced Community Infrastructure:** Higher-density PSPs would create communities with sufficient population to justify and potentially finance a wider array of local amenities, such as aquatic centers, performing arts centers and libraries, improving quality of life. Whilst this could not happen with the current Infrastructure Contributions Plan system because it has a standardised amount for community infrastructure per hectare (as opposed to per dwelling) – it could happen with a different system (a later proposal).
- **Politically Sustainable:** While mandating density affects lifestyle choices, it is less restrictive than a rigid UGB that categorically denies any form of greenfield development beyond its boundaries. This flexible approach is more likely to garner long-term political support.
- **Housing diversity:** Whilst 40dph only allows for certain dwelling styles, considering the amount of existing low density dwellings in established areas this would provide housing diversity. If people wanted bigger dwellings, they could still buy into the established areas or into the PSP areas that already exist today and will last for a while (as this proposal is only for new PSPs).
- **Other benefits of "Missing middle"** housing have been broadly written about by others and include energy efficiency, reduced environmental impact, better social atmosphere, enhanced walkability, more commercial areas nearby and more.

By embracing this dual approach of a flexible UGB and mandatory density targets, Melbourne can achieve a sustainable, affordable, and politically viable growth model that

balances the needs of its residents with the imperative to protect the environment and valuable agricultural land.

Issue 2 – Open Space

Open space is becoming an increasingly significant issue due to urban consolidation in Melbourne. The Age recently reported on a study by SGS indicating that the amount of open space in Melbourne is projected to fall by 25% over the next 2 decades, with some municipalities having as little as 10.9 square metres per person of recreation land right now. The main problem is that there are generally relatively poor opportunities for new open spaces in the established areas. For instance there have been hundreds, perhaps thousands of new apartments built along Chapel Street in recent years, but no new cricket ovals because there is no space. Over time as densities increase and new open spaces are minimally provided – the opportunities for playing sport will increasingly diminish, as more people will have to make do with a similar amount. Meanwhile, passive open spaces will become more crowded. This is a pity because people living in medium and high density housing need open spaces the most. If you consider the main difference to an individuals experience living in a detached dwelling vs medium or high density housing – the biggest difference is having private open space or not.

Proposal 2 – Open Space

In dense new greenfield areas with 40 – 60 dph (part of proposal 1), require 30% public open space provision which could be reduced in the following cases:

- Proximity to useable encumbered open space (such as river corridors)
- proximity to active open spaces
- proximity to schools.

These spaces all have some passive open space value and could be deemed to have a percentage of the value (such as 50%) of dedicated unencumbered passive open space.

Issue 3 - Traffic and Public Transport

Melbourne's metropolitan strategies have, to varying degrees, embraced the idea that increased density can alleviate congestion. While higher density can undoubtedly facilitate better public transport, enhance access to amenities, and boost public transport ridership, the reality in Melbourne paints a more complex picture. Despite increasing density, private car usage has also risen including in areas well served by public transport, leading to slower public transport options (excluding trains) and exacerbating congestion. This highlights the intricate interplay of factors influencing transportation choices, extending beyond density and public transport availability alone. While it's theoretically possible for increased density to reduce congestion under specific conditions – as many European cities have little car use and high public transport ridership, Australian planners have historically struggled to create such environments. If Melbourne continues on its current trajectory with Plan Melbourne or similar policies, it's a reasonable bet that the pattern of increased density coupled with increased car usage and congestion will persist.

One of the problems is that in Melbourne, many workplaces are not within a convenient walking distance of train stations. Another factor is that all trains lead the CBD, which limits the practicality of rail travel for a significant portion of the workforce who do not work along the train line or in the CBD. While trams and buses offer alternative options, they are often slower and less convenient than cars, particularly due to frequent stops and traffic congestion. This often leads to a preference for car travel where possible, especially if parking is readily available and affordable. This reliance on cars then further exacerbates congestion, creating a vicious cycle that makes public transport (except trains) even slower. It's important to recognize that the decision to use a car isn't solely based on preference; it's often a rational choice driven by the limitations of existing public transport options, particularly for those who lack easy access to train lines. One key problem is that in a high income country like Australia, the money saving benefits of using buses and trams are often outweighed by the time saving reality of using a car.

Nonetheless it is possible to imagine that if 50% of people deciding to drive their car to work instead embraced trams and buses, and if the public transport system was extended to rise to that level of usership, that the trams and buses would work stunningly well – because the roads would not be congested and riders could get from A to B quickly. Furthermore, with a such a high level of usership – express routes could be justified more easily. That is, buses that make few stops – justifiable when the ridership rises to a certain threshold. Living in the growth areas would be much more viable with uncongested roads and fast trams and buses. Just as driving from Pakenham to Melbourne CBD at 3am is relatively fast, uncongested roads of a similar nature could be possible in the day if a much larger proportion of the population relied on buses instead of cars. If such a situation existed, it would be as if Melbourne shrunk - jobs and services that are far away would become much more accessible to everyone.

Proposal 3 – Enhancing Public Transport and Implementing Congestion Pricing

To tackle Melbourne's traffic congestion and enhance public transport, a two-pronged approach is proposed:

Expanding Express Bus Networks: Introduce an extensive network of express buses throughout Melbourne, particularly in growth areas. These buses, with fewer stops, would offer faster and more convenient travel, enticing those who currently drive to switch to public transport. This initiative would be more feasible with higher-density developments, as proposed earlier. It would allow people to get on a bus and not have to compare it negatively with the time saving benefits of a car.

An express bus network can be compared to a cardiovascular system for a city. Just as veins and arteries transport blood efficiently throughout the body, express buses provide rapid transit for people, connecting different parts of the city and reducing congestion. A well-designed express bus network can improve the overall health and vitality of a city, just as a healthy cardiovascular system is essential for a person's well-being.

Implementing Congestion Pricing: Introduce a dynamic congestion pricing system on heavily trafficked roads. The tax amount would vary based on real-time congestion levels,

incentivizing drivers to consider alternative modes of transport during peak hours. Revenue generated from this tax would directly fund the expanded express bus network, creating a self-sustaining system.

Congestion pricing can be likened to a thermostat for traffic. Just as a thermostat regulates temperature by adjusting heating or cooling, congestion pricing regulates traffic flow by adjusting the cost of driving during peak hours. This dynamic system helps maintain a comfortable and efficient traffic environment, preventing it from becoming too "hot" (congested) or too "cold" (underutilized).

This integrated approach aims to create a positive feedback loop: reduced car usage leads to less congestion, making buses faster and more attractive, further encouraging a shift away from private vehicles. By combining targeted infrastructure investment with economic incentives, Melbourne can achieve a significant reduction in traffic congestion and a substantial improvement in public transport efficiency.

By reducing congestion and improving travel times, this approach effectively "shrinks" the city, making distant areas like Pakenham feel more accessible and integrated with the urban core. This shift in perspective could complement the metropolitan strategies focus on proximity to jobs and services by prioritizing efficient transportation connections, ultimately enhancing the liveability and desirability of Melbourne's growth areas.

Of note, a congestion tax can be politically controversial to implement – though people have generally accepted them in cities where they have been implemented such as London, Stockholm and Milan because they do reduce congestion. The potential reluctance of the Government to implement such a measure is appreciated and it is underscored that the other elements of this submission can be implemented without it. A congestion tax may become increasingly desirable and necessary as the city grows, no matter what metropolitan strategy is adopted – though the timing will depend on the particular goals of the Government of the day.

Issue 4: Rethinking Infrastructure Contributions for Melbourne's Growth

The current system of Infrastructure Contributions Plans (ICPs) in Melbourne faces several challenges:

1. **Cost Overruns:** The actual costs of acquiring land and building infrastructure often exceed the funds allocated in ICPs, leaving local governments to cover the shortfall. This can happen due to inadequate initial cost estimates or the devaluation of collected levies over time due to construction and land inflation outpacing bank interest on levies already collected and waiting to be spent.

   For instance The Age recently reported that the City of Wyndham has identified a funding gap totalling $533.89 million for 49 infrastructure projects that it plans to build for future suburbs that will eventually house about 180,000 residents. Wyndham is not unique and the problem is across Victoria, they just happen to be a Council that has added up and reported on the total underfund.

2. **Administrative Burden and Complexity:** The ICP system is complex and expensive to manage, creating unnecessary administrative overhead. The extensive complexity both adds to the difficulty of administration, and leaves more scope for errors in interpretation than a much simpler system.
3. **Density Mismatch:** ICPs are based on per-hectare contributions that is standardised across all PSPs, but growth areas often experience higher-than-anticipated density, straining planned infrastructure like roads, schools, and community facilities. Schools in growth areas for instance often have portables placed on them that weren't initially planned, reducing the enjoyment and useability of the school.
4. **Order:** PSPs generally have no staging, so development can happen anywhere at any time meaning it is harder to plan for infrastructure provision over time, areas are more likely to be built without adequate infrastructure and infrastructure provision is more likely to be insufficient.
5. **Multiple land ownerships** The PSPs often provide future facilities and active open spaces over multiple land ownerships, increasing the difficulty acquiring the land to provide those facilities.
6. **Fails on land value capture**

   Kulish et al (*2011*, p 30) cite estimates that the inclusion of agricultural land within the urban growth boundary of Melbourne raises its value from $15,000 to $35,000 a hectare to $300,000 to $400,000 a hectare. What good does it do society if a farmer with a $2 million farm walks away with $20 million after selling to a developer? First home buyers ultimately pay for this random redistribution of wealth. Ideally, most of the value uplift would be captured and redirected to infrastructure.

Whilst tweaks could be made to help the system run better, these would ultimately fall short - you can't turn a pig into a racehorse.

Proposal 4: A Simplified, State-Led Approach to Land Acquisition and Infrastructure Funding

To streamline growth area development and ensure timely infrastructure delivery, a new system is proposed where the Victorian Government takes a more active role:

1. **State Land Ownership:** Greenfield land can only be included in new Precinct Structure Plans (PSPs) if it's already owned by the State Government.
2. **Land Acquisition:** The State Government will offer to purchase land within future PSP areas at a transparent, fixed price, such as 2.5 times its non-urban value. This offer will decrease over time, incentivizing early sales.
3. **Fair and Transparent Pricing:** The offer price will be non-negotiable, ensuring fair treatment for all landowners and discouraging land speculation.
4. **PSP Development:** Once the land is acquired, the State Government will prepare the PSP, designating areas for housing, commercial use, community facilities, and infrastructure.
5. **Land Sales to Developers:** The State Government will sell designated land parcels to developers at a minimum price per hectare. This price decided on will cover all state

planning, land, and infrastructure costs, ensuring full cost recovery without seeking profit beyond that.

6. **Infrastructure Provision:** Revenue from land sales will be used to build all necessary infrastructure, including roads, schools, and community facilities. Infrastructure typically managed by local governments will be transferred to them.
7. **Orderly Development:** Land will be released in sections, starting with areas connected to utilities and where infrastructure will be built first. This ensures infrastructure is delivered in a timely manner, supporting the needs of the growing community.
8. **Statewide Approach:** This system will be implemented across all growth areas, with the State Government managing multiple PSPs simultaneously.

Advantages of the Proposed System:

- **Simplified and Efficient Process:** Eliminates the cumbersome and costly Infrastructure Contributions Plan (ICP) system, streamlining infrastructure funding and potentially replacing the Growth Areas Infrastructure Contribution (GAIC) as well.
- **Guaranteed Infrastructure Funding:** Ensures full cost recovery for infrastructure through land sale revenue, with the flexibility to adjust super lot prices over time to achieve this goal.
- **Enhanced State Control and Oversight:** Empowers the State Government with greater control over growth area planning and development, including the ability to set prices for super lots, ensuring better coordination and outcomes.
- **Curbed Land Speculation:** Discourages land banking and speculation by requiring state ownership for inclusion in PSPs and eliminating the prospect of higher future offers, leading to a more stable and equitable land market.
- **Prioritized and Orderly Infrastructure Delivery:** Enables the State Government to strategically prioritize and efficiently deliver essential infrastructure in a logical sequence, starting with areas connected to utilities, ensuring that new communities have access to necessary services from the outset.
- **Equitable Value Capture:** Shifts the windfall gains from land value uplift, traditionally benefiting a select few, to the State Government. This captured value is then reinvested in infrastructure within the growth areas, reducing the financial burden on developers and ultimately benefiting homebuyers through more affordable housing options.
- **Proactive Market Viability Assessment:** Allows the State Government to test the market viability of PSP areas, particularly in regional locations, by initially selling some land before committing to infrastructure development. This approach ensures that resources are allocated efficiently and only invested in areas with demonstrated demand.
- **Enhanced Housing Affordability:** By comprehensively capturing and reinvesting land value uplift, this proposal has the potential to significantly reduce the cost of super lots for developers. This, in turn, can lead to more affordable housing options for homebuyers in growth areas, contributing to a more equitable and accessible housing market.

The state-led approach to land acquisition can be compared to a chess game. Just as a skilled chess player strategically positions their pieces to gain an advantage, the state can strategically acquire land to ensure well-planned development and infrastructure delivery at lower prices and for the benefit of society.

Issue 5 – Planning system development standards

Regarding proposal 1, ResCode and other standards controlling the form of residential development would be partially unsuitable for a density of 40 to 60 dwellings per hectare. Requirements like minimum 4 metre front boundary setbacks and footpaths on both sides of the road take up too much land, as well as compromise the affordability aims of the approach.

Proposal 5 – Multi tiered planning standards system

New standards could be developed for growth areas with a 40 dwelling per hectare average. It may include zero front setbacks and footpaths on one side of the road only, as areas can still look attractive with no front setback. It should govern frontages, to ensure that there is enough on street parking. For instance an 8.4 metre wide frontage would provide for exactly 1 on street car park + a 3 metre wide driveway. Whilst a 5.7 metre wide frontage would provide for a driveway + 1 on street car park shared across 2 dwellings.

Issue 6 – Decision making in areas for Urban Consolidation

In areas deemed suitable for high and medium density housing, there is sometimes a lack of infrastructure and open space, and sometimes it isn't built near good public transport. All of these factors need to be weighted in decision making. Meanwhile, proximity to commercial areas is often accounted for but this is not as important given the growth and ease of online shopping, as well as the ease of public transport. All of open space, good public transport, infrastructure and the capacity to upgrade infrastructure are fundamentally important to decision making around which areas should be redeveloped for medium and high density housing.

Proposal 6 – Better data to inform established area development

To enhance decision-making for housing strategies in established areas, a data-driven approach is proposed.

In areas considered for high-density housing, a weighted matrix could be employed to assess key factors such as access to open space capacity, transportation infrastructure, existing infrastructure capacity, and the feasibility of infrastructure upgrades. This matrix would prioritize areas with ample open space, robust transportation links, and sufficient infrastructure capacity, ensuring that new developments integrate seamlessly with existing communities and resources.

Furthermore, developing comprehensive infrastructure and active open space capacity maps for Greater Melbourne would be invaluable. These maps would illustrate the available

capacity within each catchment for various infrastructure types, including schools, hospitals, childcare centers, roads, intersections, recreational facilities, and utilities. They would also outline plans for upgrades, associated costs, and potential disruptions during the upgrade process. This infrastructure data could lead to far better planning decisions, but is sorely largely lacking from the system.

By analyzing this data, planners can make informed decisions about where to focus development efforts. For example, areas with strained infrastructure or limited open space might be deemed less suitable for high-density development, while areas with ample capacity and planned upgrades could be prioritized.

This data-driven approach would not only ensure that new developments are well-supported by existing infrastructure but also provide a basis for establishing development levies in established areas, a mechanism currently lacking in the planning system. By aligning development with infrastructure capacity, this approach promotes sustainable growth and enhances the overall livability of established neighborhoods.

Further Commentary – Beware Sydney's example

Sydney's circumstances are not identical to Melbourne, but their current situation could offer clues about Melbourne's future. In particular Sydney is further ahead in two key circumstances that Melbourne is heading towards:

1. Sydney has natural constraints resembling the impact of Melbourne's UGB - but Sydney is much closer to the limits of greenfield development than Melbourne.

2. Sydney has experienced a more intense and prolonged period of redevelopment and infill development within its established areas than Melbourne. Sydney started urban consolidation policies in the 1980s.

As greenfield opportunities dwindle in Sydney, developers are increasingly turning towards established areas, however despite being a growing state with 8.1 million residents, NSW only saw 44,300 dwelling approvals in 2023, including only around 30k in Sydney - despite an incentive to develop (prices) being amongst the highest in the world – a level that is practically screaming to the developers to have a go.

In Sydney's established areas there are now fewer good development opportunities with easy access to transportation, amenities, and infrastructure, leaving developers with less desirable and more challenging options, which can significantly increase project costs and complexity.

On page 32 of the linked Grattan institute report from 2011, they indicates that some of the problem is because of the lack of suitable sized lots that are development viable and the time and difficulty consolidating them - which puts off some developers. "*A number of larger developers reported difficulties with aggregating land into commercially-viable plots, particularly in suburbs in Zones 2 and 3.42 The timeframes associated with land assembly create uncertainty and increase holding costs. Where required, decontamination can also*

add significantly to time and cost. Several larger developers said this situation contributes to limiting their company's participation in higher density infill development." This appears to be a challenge that any city would increasingly face if they pursue urban consolidation for long enough.

Sydneys situation should be concerning to those who support Plan Melbourne or any similar strategy. How do we know that Melbourne won't face similar challenges further along the urban consolidation path? It is simply logical that based on diminishing development opportunities over time, the golden goose of established area development will eventually lay smaller and more expensive eggs as it gets old. How do we know that we haven't already seen the beginning of urban consolidation starting to become harder in Melbourne? Developers, rather than planners are going to be most in touch with this.

Closing thoughts – when does a crisis get a crisis-like response?

The housing affordability crisis is not an isolated issue, but a challenge with far-reaching consequences for all Victorians. When housing costs soar and insecurity prevails, it undermines our communities, stifling economic growth and social cohesion. We must recognize the urgency of this crisis and adopt a comprehensive response that matches its scale.

Just as the COVID-19 pandemic demanded swift and decisive action, so too does the current housing affordability crisis. While the pandemic response likely saved thousands of lives, a similar level of commitment to housing affordability could dramatically improve the quality of life for millions. The measures proposed in this submission offer a holistic strategy to tackle the root causes of the crisis, from land and construction costs to labor shortages, regulatory burdens, and infrastructure deficits.

By addressing these challenges head-on, we can not only make significant strides in housing affordability by the early 2030s, but also curb urban sprawl and streamline the planning system. It is essential to move beyond a narrow focus on supply and embrace a multifaceted approach that maximizes affordability for all Victorians.

While the DTP's pre-consultation release of housing targets may suggest a predetermined path, true progress lies in considering diverse perspectives. I urge the DTP and the Planning Minister to approach this consultation with an open mind, seriously evaluating the alternative proposals presented here. Even partial implementation of these recommendations could spark transformative change, revitalizing opportunities for young people, empowering low to moderate income earners, and restoring the fundamental Australian principle of a "fair go" for all.

The time for bold action is now. Let us seize this opportunity to build a brighter future for all Victorians, where housing is affordable, secure, and accessible to everyone.

If you're curious about my background, I'm a former urban planner with experience and or education in planning, economics, and infrastructure. I'm deeply troubled by the current housing crisis in Australia. Families living in tents, women stuck in crisis accommodation for

years, and young adults unable to enter the housing market to name but a few dark sides of it.

I witness the growing wealth gap, with some families able to provide their children with enormous financial assistance while others struggle to meet their basic needs. I don't want my children to inherit this unfair and unequal Australia.

I've long been concerned about the direction of government policy and see numerous not necessarily obvious flaws in its approach, as outlined. While I understand that individual submissions may not always have a significant impact, I feel compelled to voice my concerns and do my part to advocate for a better future for all Victorians.

A submission by Geoff Alexander in 2024.

Table 1 Summary of proposals

- **Adopt a flexible Urban Growth Boundary (UGB), allowing for controlled adjustments every five years to maintain a 15-year land supply and alleviate pressure on land prices.**
- **Implement mandatory average density targets of 40 to 60 dwellings per hectare for all new Precinct Structure Plans (PSPs) in Melbourne, prioritizing affordable, low-rise housing options and minimizing land consumption.**
- **Require a minimum of 30% public open space provision in dense new greenfield areas, with flexibility based on proximity to existing open spaces, active open spaces, and schools.**
- **Introduce an extensive network of express buses throughout Melbourne, particularly in growth areas, to provide faster and more convenient travel options.**
- **Implement a dynamic congestion pricing system on heavily trafficked roads, with revenue funding the expanded express bus network.**
- **Transition to a state-led approach for l band acquisition and infrastructure funding in growth areas, ensuring timely infrastructure delivery and curbing land speculation.**
- **Develop a multi-tiered planning standards system with tailored regulations for growth areas with a 40-60 dwelling per hectare average density.**
- **Employ a data-driven approach for decision-making in established areas, prioritizing urban consolidation in locations with ample open space, robust transportation links, and sufficient infrastructure capacity. Develop comprehensive infrastructure and active open space capacity maps for Greater Melbourne that will assist with this.**

Table 2 Metropolitan Strategy pros and cons table

	Status Quo (Plan Melbourne + existing planning system).	**If proposals adopted**
Mitigates urban sprawl now	Minimal – allows largely unmitigated sprawl in greenfield areas within the UGB on risky bet that the UGB will hold.	Yes, an estimated 9 km2 of greenfield land required per year at 40dph.
Reliable sprawl mitigation in future	Questionable – considering history of UGB and development plans outside, but near the UGB. Future politicians will come under the most pressure to extend it.	Will continue to allow modest sprawl indefinitely.
Can people in the lowest 25% of household incomes buy a dwelling?	Unlikely	Much more likely.
Number of dwellings that can be produced with limited construction labour	Much less – due to high density and low density focus, combined with 241sqm average new dwelling sizes.	Much more, due to medium density focus, because of small dwellings with low per sqm labour requirements.
Number of lots that can be produced with limited planning, surveying, construction, utilities industry and other relevant labour.	Much less	Much more, and resolution of a skills shortage premium on lots is expected to reduce prices.
Price of new housing lots	Much more	Much less
Focussed on locating people closer to jobs and services	Yes	Yes and no, more people will be further from more knowledge jobs this way, but proposes a public transport and congestion tax component that would enable people to travel more easily and effectively “shrink” Melbourne. Greater density in growth areas also allows for more services locally and can justify specialised forms of community infrastructure such as aquatics centres and performing arts centres.

Makes it easier to get around	Generally no, since urban consolidation measures/transit oriented urban development measures were adopted decades ago, congestion has increased as a proportion of people continue to use cars even in denser areas - thereby making the roads more congested. Without radical change, this trend is expected to continue.	Yes – much easier with extensive express bus system and congestion tax. Allows non train forms of public transport (bus and trams) to get from A to B rapidly and more easily.
Has a consequence of pushing up lot prices in the long run	Yes, especially in future by cutting off supply at a fixed point due to the "hard" UGG.	No, the supply of lots is proposed to be plentiful indefinitely and therefore lower in cost.
Improves open space per capita?	No – open space per capita has been declining with urban consolidation. It is realistically very hard to provide significant new open spaces in established areas when densities rise, and impossible to provide anything as big as an oval.	Yes, proposing a 30% open space contribution in the growth areas.
Social benefits of density such as being located closer to commercial areas	Yes	Yes
Greater impacts on established infrastructure	Yes	There would be fewer impacts.
Easier to plan PSPs	Notoriously difficult, given different land owners and views.	Much easier to plan with one land owner (the state government).
Meets the level of public preference for traditional housing forms in growth areas	No	No, as this simply isn't possible if serious efforts are to be made to mitigate sprawl but aligns more closely and people will be happy because they are getting the land at low prices together with various features to enhance liveability – such as high open space ratios, good public transport and specialised community infrastructure.
Improved the efficiency and effectiveness of the	No	Yes – proposes an alternative system which does not provide

development contributions system		levies and greatly improves many aspects of its functioning.
State Government can increase infrastructure levies to fully cover the cost of growth area infrastructure	Yes, but they don't want to because of the impact on housing affordability.	There would be no levies but it would be easy to fully cover the costs of infrastructure by pricing the sale of super lots to developers – potentially leading to faster and better quality infrastructure.