



City of Port Phillip

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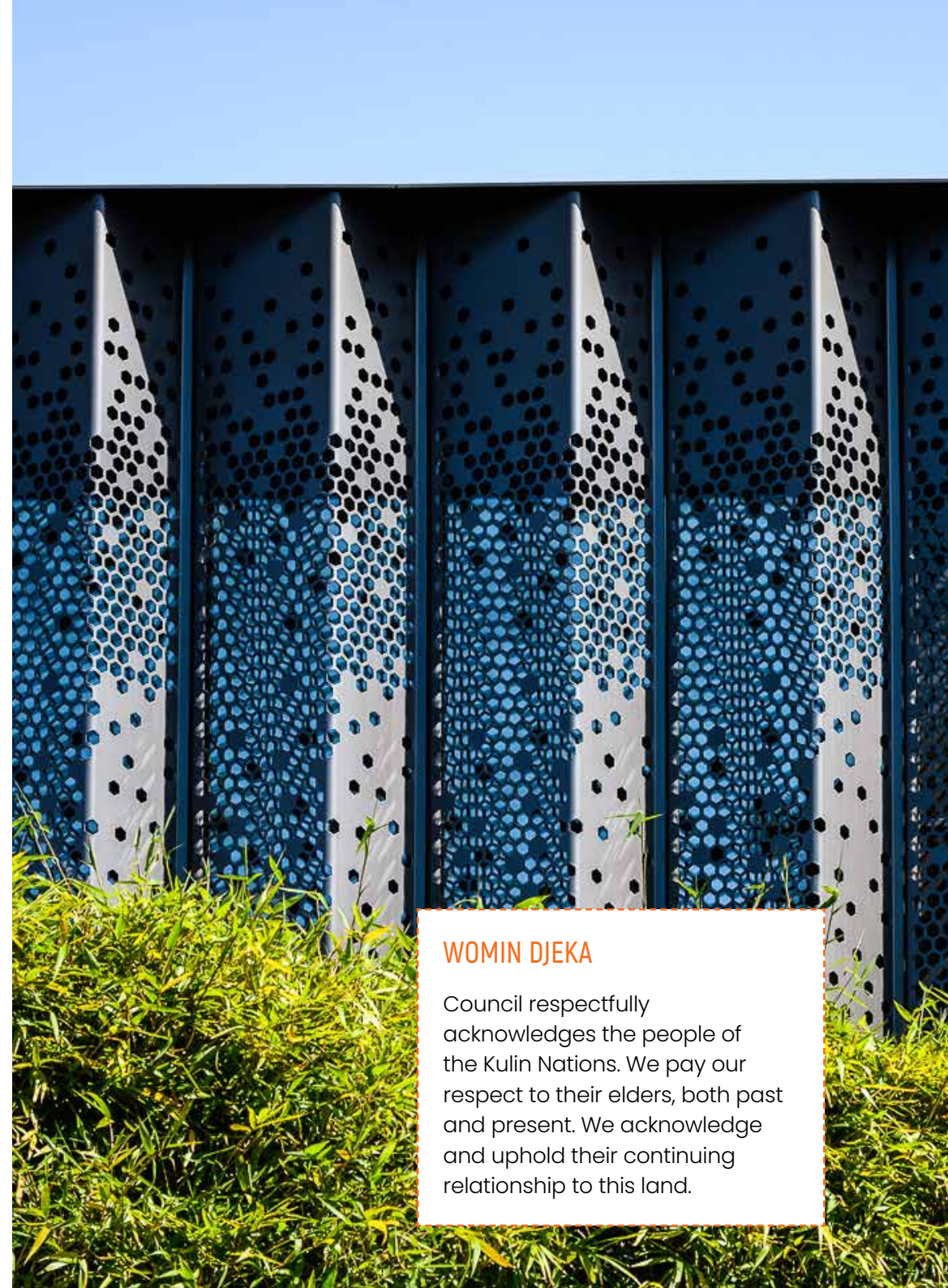
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WOMIN DJEKA

Council respectfully acknowledges the people of the Kulin Nations. We pay our respect to their elders, both past and present. We acknowledge and uphold their continuing relationship to this land.

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Foreword

When planning for future housing in Port Phillip, we acknowledge that housing is more than the dwellings we build. It is also about environments, people, and places where residents want to live and become involved in their community.

To achieve Port Phillip's community vision as a liveable and vibrant city that enhances the wellbeing of our community, housing must support and maintain the needs of our residents over their lifetime. Before we identify the extent and nature of future housing in Port Phillip over the next 15 years in a new Housing Strategy, we first need to understand our key projected population and household needs, including how much and what type of housing we need, where housing should be located to enhance community, and how we maintain and enhance neighbourhood character.

We encourage you to read this Discussion Paper and share your views and insights with us. Your feedback will help us prepare the draft Housing Strategy.

Map 1. The City of Port Phillip



Introduction

We are developing a new Housing Strategy for the City of Port Phillip to help plan and manage housing growth and change in a way that will also increase the city's liveability, diversity, and valued character.

This 15-year strategy will outline the key directions required to accommodate the projected population and household needs of our residents, including:

- Ensuring a range of housing opportunities are available across the municipality.
- Identifying suitable locations for housing growth and change.

To inform the draft Housing Strategy, we have prepared this Discussion Paper.

The Paper sets out:

- Why we need a Housing Strategy.
- Key information on projected population and housing growth.
- Housing design and construction trends.
- Future housing needs.
- A draft vision for housing in the City of Port Phillip.
- A summary of key strategic directions for future housing to deliver the vision.

The Paper forms the basis of a community conversation on City of Port Phillip's future housing. It has been informed by in-depth background research, existing council strategies, as well as the community members who talked to us about their housing priorities in 2022 as part of the Housing Strategy Phase 1 Engagement.



Planning for housing growth and change

This section discusses the role of council in the housing market, the need and scope of the Housing Strategy, and the policy context in which the Housing Strategy operates.

2.1 Role of Council in housing

Most of the housing in Port Phillip is delivered by the property market, which is influenced by various locational and economic factors. Local governments do not control many drivers behind the market but do play a role in facilitating an efficient housing market. Local government is the only tier of government that:

- Undertakes a comprehensive review of local housing needs and demand.
- Reviews land capacity and land use trends to ensure supply of land can readily meet the community's needs.
- Provides detailed guidance on how housing needs and demand should be met in terms of housing type, size, amenity, character, and location.

2.2 Why do we need a new housing strategy?

State planning policy requires councils to proactively plan for projected population growth over at least a 15-year period and provide clear direction on locations where housing growth should occur.

Council's existing Housing Strategy was finalised more than 15 years ago and lapsed in 2017. Since it was adopted in 2007, there have been significant changes to Port Phillip's planning framework that have local implications, including:

- The re-zoning of the Fishermans Bend Urban Renewal Area ('Fishermans Bend') in 2012 to accommodate residential development.
- The release of Melbourne's Metropolitan Planning Strategy, *Plan Melbourne 2017-50*, which outlines how Melbourne will meet the demand for housing diversity and growth.



This includes accommodating new housing in established areas and neighbourhood activity centres.

- Introduction of a new suite of residential zones in 2013. These provide councils the opportunity to better direct the location and scale of residential change.
- Changes to residential zones in March 2017, which altered the purpose of some residential zones, established mandatory height restrictions and introduced a garden area requirement.
- Updated State Government population and household projections.

An up-to-date and robust housing strategy will set out a clear direction for housing development across the City. This will place Port Phillip in a better position to respond to and direct population growth. A new housing strategy will also enable Council to integrate the Fishermans Bend area into its overall housing vision.

2.3 Scope of Housing Strategy as a planning document

Housing strategies are important local planning documents that help councils plan for housing growth and change in the municipality. To do this, we consider the following questions:

- Housing capacity – how much new housing do we need?
- Housing diversity – what types of new housing would best meet the needs of our community?
- Housing quality – how should housing be designed to address changing circumstances?
- Housing location – where should we locate new housing to create liveable and sustainable neighbourhoods?
- Housing character – how do we maintain and enhance all of the things we love about Port Phillip?

To address these questions, the new Housing Strategy will include:

- A **Vision** for future housing in Port Phillip that ensures the housing needs of our current and future community are met.
- **Preferred Future Neighbourhood Character Statements** to provide guidance for the design of new developments in each neighbourhood. These will help us to draft Planning Scheme policies that have previously lacked this guidance.
- **Strategic directions** to guide future housing developments on location, diversity, quality, accessibility, sustainability, and affordability.
- A **High-level Residential Development Framework** that will define areas for levels of change.

The implementation of the new Strategy will require an amendment to the Port Phillip Planning Scheme in the future – to give effect to the housing vision and the neighbourhood character statements, the Port Phillip planning scheme will be reviewed and updated as appropriate.

There will be the opportunity for community feedback when a planning scheme amendment is proposed.



2.4 Development of the Housing Strategy

Extensive community engagement, together with various technical research and state and local strategies, will inform the development of the Housing Strategy.

Strategic Framework

The Housing Strategy will be informed by a broad range of State and Council plans, strategies, and policies. These include the following publications.

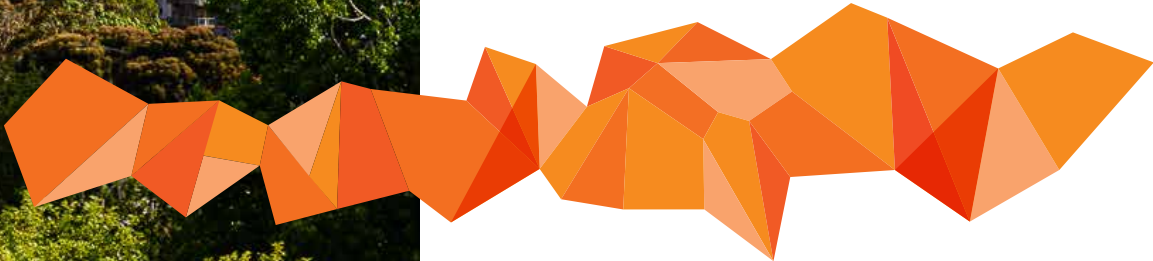


Table 1: State and Council Plans informing the Housing Strategy

STATE FRAMEWORK

<i>Planning and Environment Act 1987</i>	Sets the legislative framework for Victoria's planning system. Section 4 sets out the objectives of planning in Victoria, which councils must implement.
<i>Plan Melbourne 2017-2050 – Metropolitan Planning Strategy</i>	Establishes a vision for Melbourne by integrating land use, infrastructure, and transport planning to meet the City's future environmental, population, housing, and employment needs. The three key directions of Plan Melbourne are: 1. Ensure a 15-year supply of land to accommodate projected population growth and provide clear direction on locations where growth should occur. 2. 70% of net additional dwellings are located within established Melbourne and 30% in the growth areas. 3. Residents can access most everyday needs within a 20-minute walk, bike-riding, or public transport trip from a person's home.
<i>Planning for housing Planning Practice Note 90 December 2019 (PPN30)</i>	Provides information and guidance to Councils about how to plan for housing growth and protect neighbourhood character to ensure a balanced approach to managing residential development in planning schemes. PPN90 highlights the need for Councils to undertake local strategic studies for the development of a Residential Development Framework.
<i>Using the Residential Zones Planning Practice Note 91 December 2019 (PPN91)</i>	Provides guidance to Councils on how residential zones should be applied across their municipality once the Residential Development Framework has been prepared. Further clarification is also provided on the objectives to be applied to the residential zones by Councils.

LOCAL FRAMEWORK

<i>Council Plan 2022-31</i>	Includes the community vision for Port Phillip: Proudly Port Phillip: A liveable and vibrant City that enhances the wellbeing of our community A key initiative of the Plan is to update Port Phillip's Housing Strategy to effectively manage growth, land use change and support community sustainability, health, and wellbeing.
<i>Move, Connect, Live Integrated Transport Strategy 2018-28</i>	Move, Connect, Live ITS aims to create neighbourhoods with access to key services within a 10-minute walk. It seeks Victorian Government funding for early delivery of connections to public transport, public space and streetscapes, footpaths and bike lanes in Fishermans Bend; and to optimise wider transport connections for both current and future residents and workers.
<i>Places for People Public Space Strategy 2022-32</i>	Sets the vision and blueprint for the future of our public spaces in Port Phillip.
<i>Port Phillip Heritage Review</i>	The main heritage reference document for Council, providing a municipal-wide, post-European contact environmental history, and includes citations for heritage precincts and individual heritage places.
<i>In Our Backyard – Growing Affordable Housing in Port Phillip, 2015-2025</i>	The In our Backyard Strategy (IOBY) identifies Council's role and actions it will take to grow the supply and diversity of affordable housing in the Port Phillip to address priority local housing needs. It sets up overall vision and policies to increase the supply of social and affordable housing in our municipality. The Housing Strategy will explore planning tools to help implement the IOBY strategy.
<i>Act and Adapt Sustainable Environment Strategy 2018-28</i>	Outlines the City of Port Phillip's commitment to environmental sustainability for the organisation and the wider community. It establishes a pathway that will help transition the City to a greener, cooler more liveable City where we are all reducing our impact on the environment and are more resilient to the impacts of climate change.

What we heard from the community

The development of our new Housing Strategy includes three phases of community engagement, so that it is informed by the community it will support.

The first round of consultation ('Phase 1 Engagement') was conducted in 2022. It aimed to:

- Introduce the local community and other stakeholders to the project.
- Understand the community's perceptions, priorities, and ideas for housing in Port Phillip.

During this phase, we heard from 348 people who live, work, study or visit the City of Port Phillip.

In total, 231 surveys were completed at the pop-up sessions, as well as 65 online surveys and the online poll received 52 responses.

Our key findings from Phase 1 were:

- Our community most values housing that is well-designed, energy efficient and affordable.
- Trees, landscaping, and vegetation in front gardens were identified as neighbourhood character elements that people liked most about their area.
- Most people believed new housing should be located close to public transport, parks, open space and local shops.
- The community indicated they would like more affordable and public housing, followed by increased protection of neighbourhood character, and more focus on green and open space.

Figure 1. Community engagement timeline



Where are we now?

This chapter offers a snapshot of where we are now in terms of our community and housing stock diversity. It also reveals trends to frame our planning for housing in Port Phillip.



Community and housing profile data reveal long-standing traits that make Port Phillip unique:

- We continue to be the most densely populated local area in Victoria. Port Phillip has a population density of 5,029 people per square km, compared to 493 people per square km in Greater Melbourne and 3,955 persons per square km in Inner Melbourne Action Plan Areas (IMAP).¹
- Our community is diverse and younger on average – we have a higher percentage of the young workers and most households do not have children.
- Our households are small, with many people living alone; we have the highest percentage of people living by themselves in Victoria.
- Almost half of Port Phillip's households rent.
- Our population growth has been driven by overseas migration, with many residents arriving in Australia in the last 5 years.

The makeup of our community is gradually changing. While we still have a substantial proportion of young workers, this cohort are increasingly moving out. In comparison, the number of families with children has grown over the last 15 years, resulting in the growth of the 5 to 19 year-old age cohort in the same period.

There is a clear connection between our community profile and housing stock:

- Like our households, our houses are smaller, and the market is continuing to build small dwellings (two bedrooms or less).
- Most of our residents live in apartments, and will continue to do so. Almost all of the housing approved in 2021 were apartments, with two out of three of these in buildings over 20 storeys high. The types of apartments which have recently been built attract students, single workers, and young couples, rather than families.

3.1 Community profile

2021 Snapshot – What does our community look like today?

- The 30 to 34 year-old demographic is the largest in our City.
- 44 per cent of people aged 15 and over are in the highest income quartile (\$1,475+ per week), compared with Greater Melbourne at 27 per cent.
- A third of the households are in the highest income quartile (\$2,947+ per week), compared with Greater Melbourne at 28 per cent.
- Despite the concentration of higher income households and individuals, there are a considerable number of people that are in the lowest income quartile:
 - Nearly 1 in every 5 households (9,204 households in total) are in the lowest income quartile, earning less than \$881 in 2021.
 - About 12,882 (16 per cent) of individuals aged 15+ are in the lowest income quartile, earning less than \$375 per week.

NOTEWORTHY TRENDS OVER PAST DECADES

While our population ratio aged between 25 to 49 overall is higher than Greater Melbourne, the percentage has dropped. Over the past 15 years we have moved from 53.8 per cent (2006) to 51.3 per cent (2011) and 48.1 per cent (2021). In Greater Melbourne the numbers have remained around 37 per cent for the same period.

Our young workforce cohort aged between 25 and 34 has declined slowly but consistently from 28.4 per cent (2006) to 26 per cent (2016) and accelerated down to 22.7 per cent (2021).

This runs against the trend in Greater Melbourne and IMAP, where this age cohort has grown over the past 15 years.

While the proportion of families (both couples and one parent) with children is low in comparison to the rest of Melbourne, it has grown consistently from 17.3 per cent (2006) to 20.6 per cent (2021), resulting in the growth of the age cohort of between 5 to 19 year-olds over the past 15 years. In Greater Melbourne the percentage of families with children has stayed around 44% with a minor decrease.

- One in five people who live in our City speak a language other than English at home, compared to one in three in Greater Melbourne.
- 41 per cent of the households are one-person households.
- There was a steep 6.3 per cent population decline in 2021, compared with Greater Melbourne (-1.6 per cent).



Who are we?



Population: 103,508 (est.)

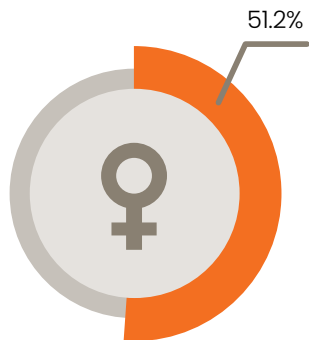


Dwellings: 63,299

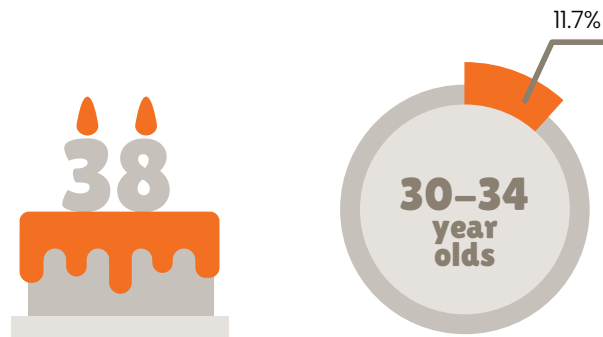


DATA HIGHLIGHT:

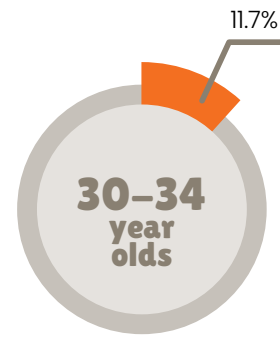
Over 95 per cent of residents in the City of Port Phillip are employed, and 41 per cent live by themselves.



Gender:
51.2 per cent female



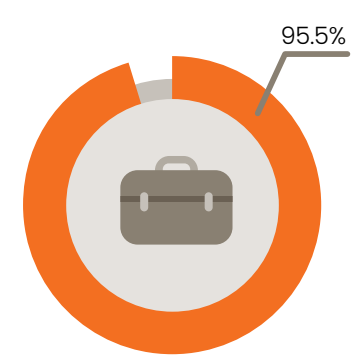
Median age:
38 years



Largest age group:
11.7 per cent
30-34 year olds



People with a disability:
3.7 per cent



Employed population:
95.5 per cent

Median weekly income



Individual: \$1,289



Family: \$3,051



Household: \$2,069

HIGH INCOMES



44 per cent of people aged 15+ are in the highest income quartile (\$1,475+ per week), compared with Greater Melbourne at 27 per cent.



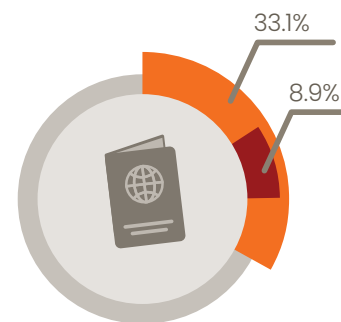
A third of the households are in the highest income quartile (\$2,947+ per week), compared with Greater Melbourne at 28 per cent.

LOW INCOMES

About 12,882 (16 per cent) of individuals aged 15+ are in the lowest income quartile, earning less than \$375 per week.

Nearly 1 in every 5 households (9,204 households in total) are in the lowest income quartile, earning less than \$881 in 2021.

Where do we come from?



Born overseas: 33.1 per cent
(Residents of Greater Melbourne born overseas: 35.7 per cent)

Born overseas, arriving in the last 5 years:
8.9 per cent



Residents speaking a language at home other than English: 21%
(34.1% in Greater Melbourne)

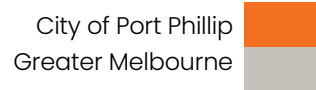


Most common language spoken at home (other than English):
Greek
(Most common for residents of Greater Melbourne: Mandarin)

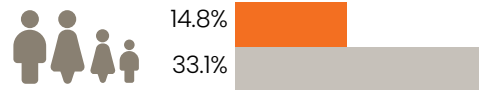
Source: City of Port Phillip: Estimated Resident Population. [Online] Profile .id, 2023b

How do we live?

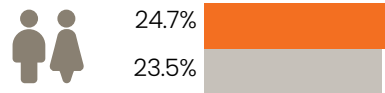
Household types



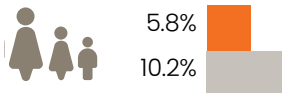
Couples with children:



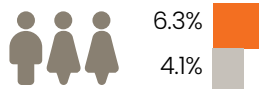
Couples without children:



One parent families:



Group households:



Lone person:



Working from home*



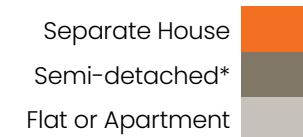
About this data

* Method of travel to work relates to Census Day, which for the 2021 Census occurred during COVID-19 lockdowns for large parts of Australia. In lockdown, many occupations were required to work from home if possible, and some industries were closed, so people did not go to work. Use the data with caution when comparing over time.

DATA HIGHLIGHT:

Our population of over-75s is expected to double by 2036, and single-person households is likely to remain high at 41 per cent.

Household split by dwelling type



One parent families

(6% of all households)



Families with children

(16% of all households)



Couples

(26% of all households)



Lone person

(44% of all households)

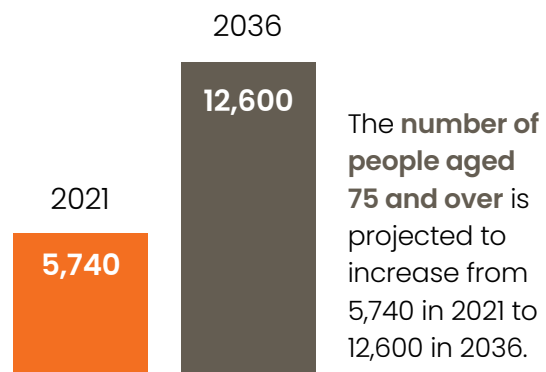
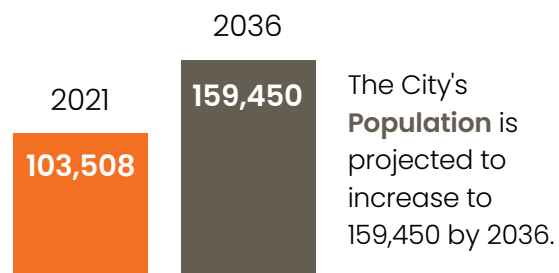


Group household

(7% of all households)



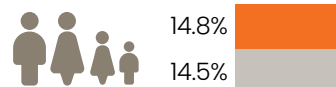
2036 projections: Who are we planning for?



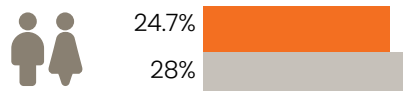
Household types



Couples with children:



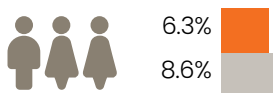
Couples without children:



One parent families:



Group households:



Lone person:



STATE GOVERNMENT PROJECTION OF POPULATION AND
DWELLINGS FOR PORT PHILLIP

It is expected that by 2036,
there will be around 38,290 new
residents in Port Phillip living in
an additional 21,480 dwellings.



3.2 Housing profile

2021 snapshot – what does our housing situation look like today?

Key facts:

- The City of Port Phillip continues to be the most densely populated local area in Victoria. We have a population density of 5,029 people per square km, compared with 493 people per square km in Greater Melbourne and 3,955 in IMAP on average.
- Almost half of our households (49 per cent) are in rental properties, compared with less than a third (29 per cent) in Greater Melbourne. 67 per cent of our dwellings have two bedrooms or less, compared to 26 per cent in Greater Melbourne. One bedroom apartments are cheaper to rent in Port Phillip than the Melbourne average.
- Almost all (99 per cent) of the housing approved in the 2021 were apartments. 66 per cent of the apartments approved were in buildings over 20 storeys high.

- Larger residential redevelopments (50+ dwellings) are concentrated around St Kilda (along Nepean/St Kilda Roads), Melbourne and South Melbourne (Kings Way, Albert Road, Queens Road, and the South Melbourne Activity Centre) and in Fishermans Bend.



Number of homes: 63,299

Average household size:

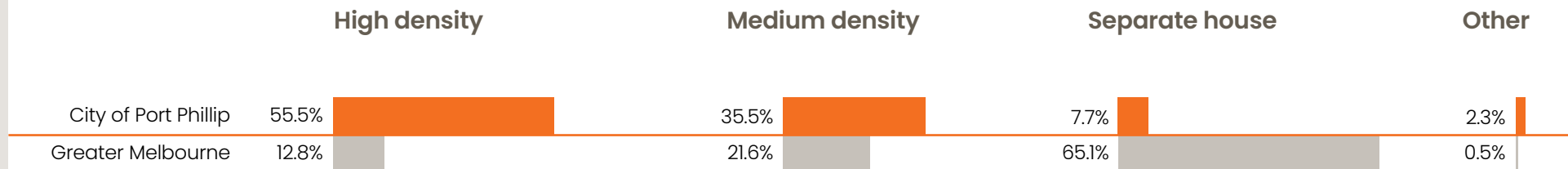


City of Port Phillip:
1.88 persons



Greater Melbourne:
2.58 persons

What types of dwellings do we live in?



Definitions:

High density includes apartment buildings in block of 3 storeys or more

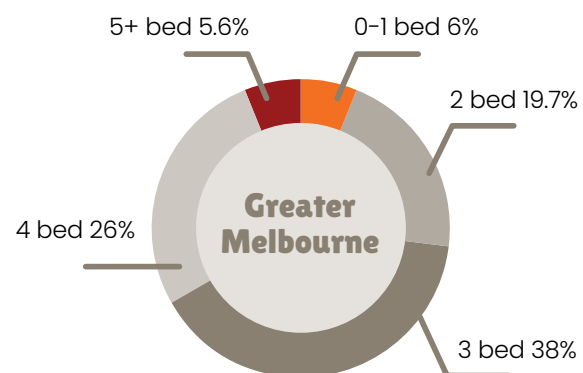
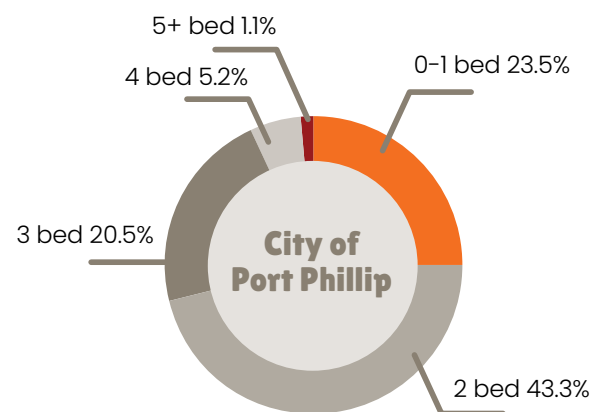
Medium density includes semi-detached, row or terrace houses, townhouses, and flats or apartments in 1-2 storey block

Other includes caravans and cabins

DATA HIGHLIGHT:

High density apartments make up 55.5 per cent of our housing stock, 4 times that of Greater Melbourne.

Number of Bedrooms



Costs of buying and renting

City of Port Phillip
Greater Melbourne

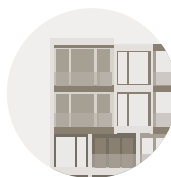
Source: *Housing prices* (Victoria. Department of Environment, Land, Water & Planning, (issuing body), 2021)

Rental prices (Victoria. Department of Families, Fairness and Housing, (issuing body), 2022)

Median house prices (2021)



House \$1,965,000
\$875,000
(Separate house, townhouse or terrace)



Unit \$637,000
\$630,000
(Unit or apartment)

Median rental prices (2022) per week



2Br House \$600
\$475
(Separate house, townhouse or terrace)

3Br House \$850
\$450

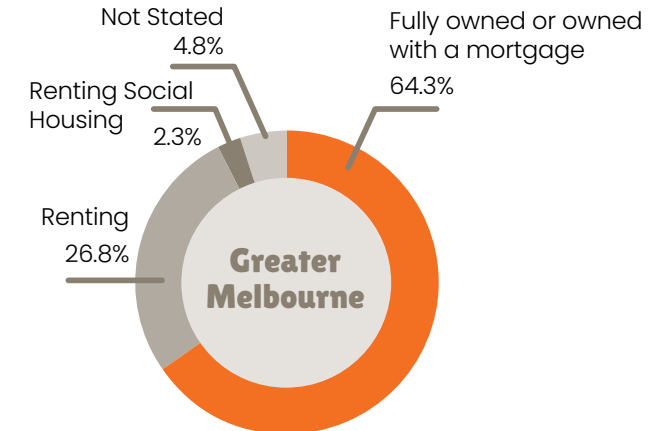
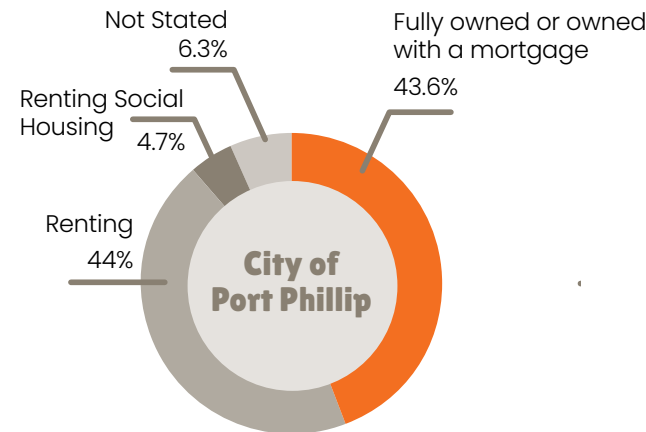


1Br Unit \$350
\$360
(Unit or apartment)

2Br Unit \$500
\$450

Home Ownership

Note: The ABS figure for social housing rental is under counted. The Department of Families, Fairness and Housing, 2021 data state about 6.5% of dwellings in CoPP is social housing, including short term crisis support accommodation units, and transitional housing units.



Source: City of Port Phillip. Estimated Resident Population. [Online] Profile .id, 2023e.

DEVELOPMENT TRENDS

The total number of dwellings in City of Port Phillip increased by 5,435 between 2016 and 2021.

The largest changes in the type of dwellings found in City of Port Phillip between 2016 and 2021 were:

- High density (apartment buildings in 3+ storey block) **+4,884 dwellings**
- Medium density (townhouse, terrace house, apartment building in 1 or 2 storey block) **+648 dwellings**

RESIDENTIAL DEVELOPMENT COMPLETED IN 2021

Total dwellings completed in 2021: **697**

The breakdown

- 2-3 storey apartments: **130 dwellings**
- 4-9 storey apartments: **210 dwellings**
- 10+ storey apartments: **357 dwellings**

IN THE PIPELINE

Residential development sites that were either under construction or in the development pipeline as of Dec 2021:

- Detached – **10 dwellings**
- Townhouses – **183 dwellings**
- 2-3 storey apartments – **253 dwellings**
- 4 – 9 storey apartments – **1,045 dwellings**
- 10+ storey apartments – **13,120 dwellings**

Source: Victoria. Department of Environment, Land, Water and Planning, 2021

Housing needs of our community

This chapter discusses the housing needs of our community that need to be met over the next 15 years, and how the Housing Strategy might address them.

4.1 Key housing needs

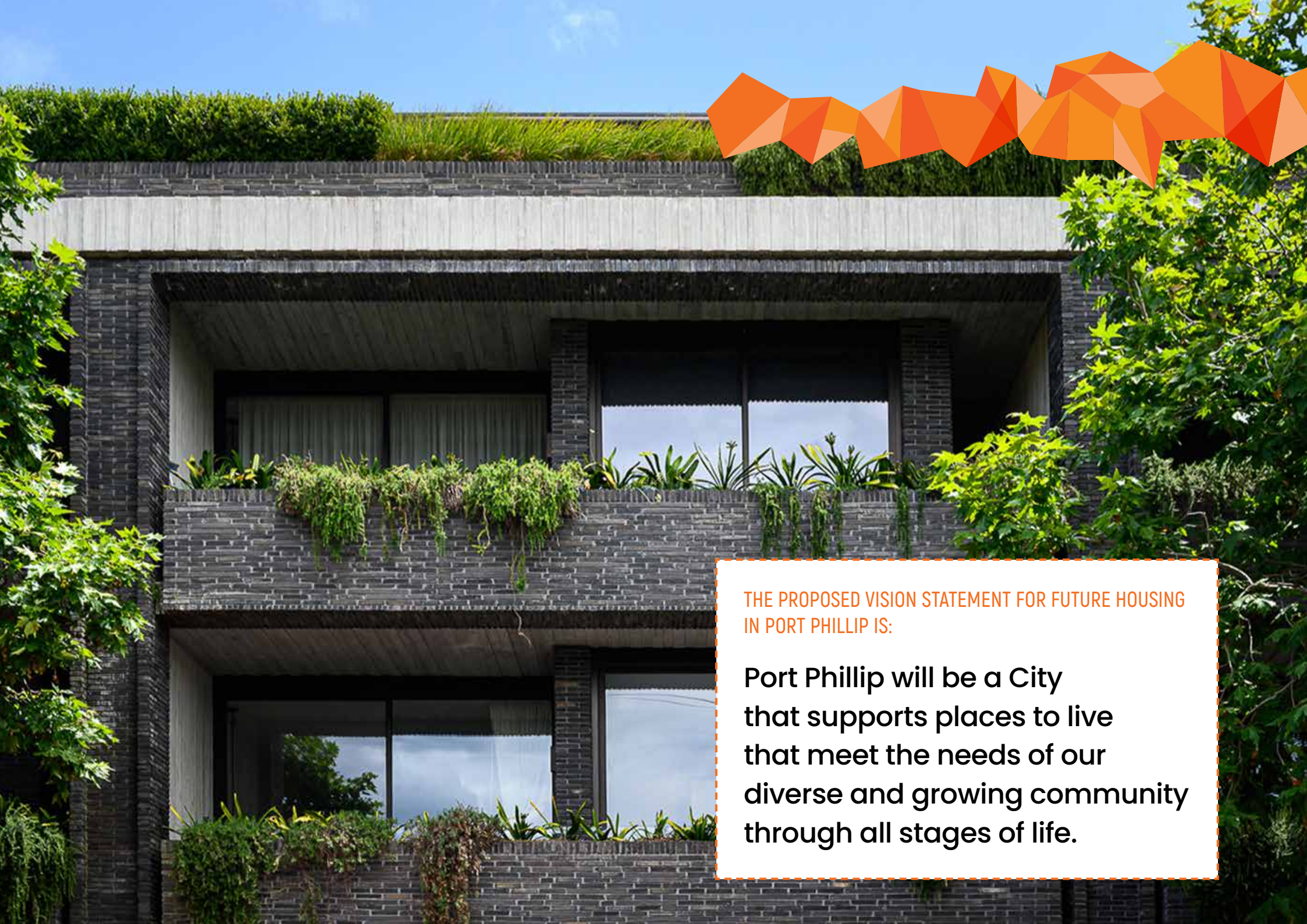
Our background investigations and community feedback responses outlined above – have identified the following housing needs in the Port Philip community:

1. Ensuring sufficient residential land is available to accommodate projected population growth (**ensuring adequate housing supply**).²
2. New housing is located in appropriate locations close to public transport and open space, with good access to other key facilities and services (**appropriate location of future housing**).
3. New housing that responds to and establishes preferred neighbourhood character (**achieving preferred neighbourhood character**).

4. Ensuring access to housing choices that are fit for purpose for people at different life stages and of varied abilities and needs (**providing housing diversity and accessibility**).
5. Ensuring access to housing choices that are well designed and energy efficient (**pursuing housing design quality**).
6. Ensuring access to housing choices that are affordable, regardless of changing social or economic status (**providing affordable housing choices**).

These housing needs interact with each other. For instance, the need to develop sustainably and respond to the impacts of climate change will have implications on how new housing is located and designed.





THE PROPOSED VISION STATEMENT FOR FUTURE HOUSING
IN PORT PHILLIP IS:

Port Phillip will be a City
that supports places to live
that meet the needs of our
diverse and growing community
through all stages of life.

4.2 Key themes

This section sets out key issues and opportunities that the Housing Strategy will need to address to meet the needs of our growing community over the next 15 years.

The draft strategic directions in this section will be important in achieving the vision for housing in Port Phillip. They provide high-level guidance for the Housing Strategy.



Ensuring adequate housing supply

Population growth is a key driver of housing demand and the property market over the long term.

Before the COVID-19 pandemic, Port Phillip's population grew at an average rate of 1.5 per cent per year (1,489 people) between 2006 and 2020 largely due to strong overseas migration.³

THEME 1 OVERVIEW

Relevant housing need

Sufficient land available to accommodate projected population growth (**land supply**).

Key messages

By 2036, we expect an extra 38,290 people will move to our city and live in an additional 21,480 homes.

Port Phillip has a strong housing supply pipeline (0 to 5 years) to meet expected demand (short term).

There is sufficient residential land in Port Phillip to accommodate projected housing demand over the next 15 years (long term).

Draft strategic direction

Plan for and monitor population growth, land capacity, and evolving development trends in Port Phillip to plan for future housing growth and needs.

Retain land for non-residential uses to support local business and employment.

Port Phillip's population growth corresponded with an increase in residential development activity during this period, with an average annual increase in dwellings equating to approximately 1,000 per year.⁴

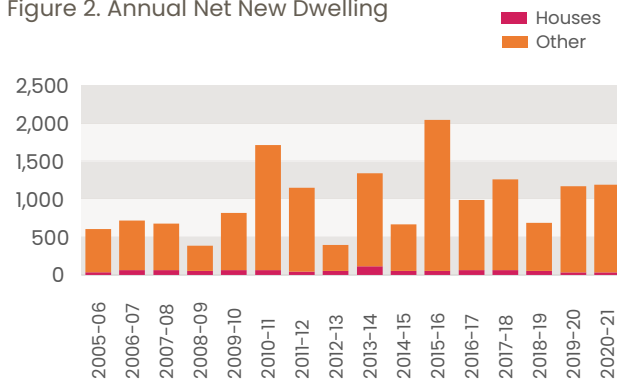
It is important to identify where residential development should be focused and where it should be limited, to meet the needs of our community. Where to build new housing is critical in creating a city that is environmentally sustainable and resilient to climate change.

Figure 2 shows that 2015–16, 2010–11 and 2013–14 were the years with the largest growth in dwelling stock.

In 2021, Port Phillip's population declined sharply by 6.31 per cent from the previous year to 103,508. This was largely due to low overseas migration and residents moving out to other areas of Australia and other municipalities⁵ during the pandemic period (Figure 3).

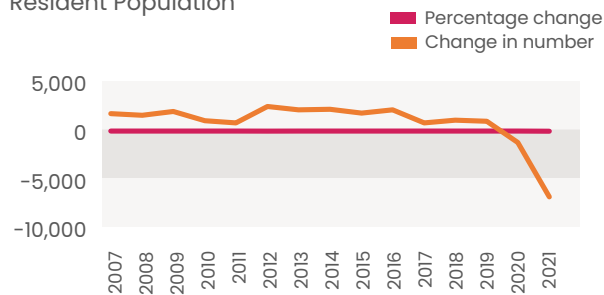
This decline is most likely a short-term impact of COVID-19, with the Federal Government forecasting a return to higher growth rates from 2022/23 onwards as overseas migration resumes.⁶

Figure 2. Annual Net New Dwelling



Australian Bureau of Statistics, Building Approvals, Australia (8731.0). Compiled and presented in *Profile.Id (Informed Decisions)*

Figure 3. Annual Change in Estimated Resident Population



Australian Bureau of Statistics, Regional Population Growth, Australia (3218.0). Compiled and Presented by *Profile.Id (Informed Decisions)*

It is expected that population growth, along with demand for inner-city living and State policies that support urban consolidation, will continue to drive ongoing demand for housing in Port Phillip in the longer term, in line with State Government projections.⁷

Future population, dwelling and household projections

State Government population and household projections⁸ forecast that by the year 2036 an extra 38,290 people will move to the City of Port Phillip and live in an additional 21,480 homes.

Port Phillip will require approximately 1,400 new dwellings per year to meet demand. This number is higher than recent activity, which is in the order of 1,000 dwelling approvals per year.

The projected change in households in Port Phillip from 2021 to 2036 (15 years) indicates a growth in the number of couples without children (28 per cent), while the proportion of families with children will slightly decline to 20.5 per cent.⁹

The number of people living by themselves is projected to remain steady at 41 per cent and continue to be the most common household structure in Port Phillip.

We will need to support the development of new housing to meet the demands of its growing residential population. The Housing Strategy should investigate ways to ensure that new housing is designed to meet the needs of the community over their lifetimes. This includes transitions between shared, sole person, couple, and family housing, and downsizing later in life. More housing choices will also be required to attract and retain families to the area to ensure that the number does not continue to decline.



Long term residential land capacity and short-term housing supply

To ensure Port Phillip can accommodate the projected additional 21,480 dwellings required by 2036, there must be enough suitable residential land available for housing change and growth.

Recent housing capacity modelling undertaken by Council found that Fishermans Bend alone can accommodate approximately 22,400 additional dwellings (920 dwellings more than required for the whole of the municipality).

There is also substantial additional capacity within Port Phillip's precincts and activity centres (Figure 4) and development will continue in these areas. Development in established areas will need to be responsive to existing context.

Residential development can often displace existing economic activity in commercial areas and activity centres. Given that we have enough land available for residential development over the long term, Port Phillip's employment and industrial land should be maintained to support and attract business to Port Phillip.

Figure 4. Residential Land Supply



Some residential land may not be suitable or likely to be redeveloped for additional housing. Such land may have:

- Recent development
- Small lot sizes
- Fragmented land ownership
- Heritage values
- Public use and ownership

In the short term (0 to 5 years), the City has a strong housing supply pipeline to meet expected housing demand. Based on recent permit data,¹⁰ there are 84 planned major residential development projects (ten or more dwellings), which propose to deliver 14,611 new dwellings in Port Phillip. Of these planned projects, most are apartment developments with over 50 dwellings proposed (60 per cent).

Most of the planned development is concentrated where there is capacity for housing including Fishermans Bend, the St Kilda Road corridor, and the St Kilda / St Kilda West precincts (refer Map 2).

The Housing Strategy will need to model medium and long-term dwelling supply estimates to ensure there will be enough residential development in the pipeline to meet demand over the term of the Strategy (15 years).

TYPE DWELLING PIPELINE

Detached	10
Townhouses	183
Apartments	14,418
Total	14,611

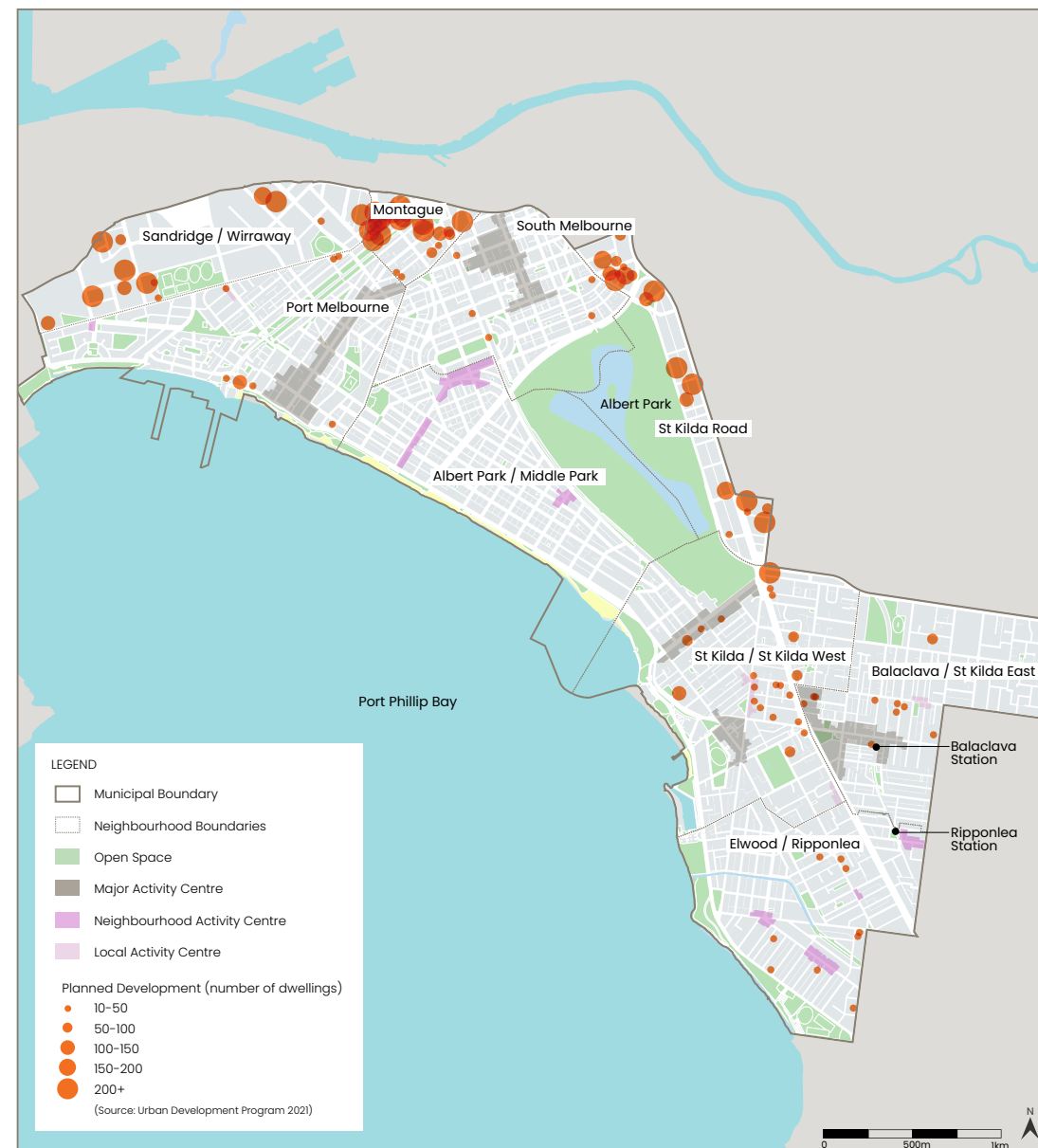
Table 2. Dwelling Type

APARTMENT NO. OF STOREYS DWELLING PIPELINE

Apartments 0 to 4 storeys	370
Apartments 5 to 9 storeys	928
Apartments 10 to 19 storeys	3,621
Apartments 20+ storeys	9,499
Total	14,418

Table 3. Apartment No. of storeys

Map 2. Port Phillip Urban Development Program 2021





Theme 2

Appropriate location of future housing

The location of housing growth is a major consideration in planning for an increasing population over 15 years.

It is important to identify where residential development should be focused and where it should be limited, to meet the needs of our community. Where to build new housing is critical in creating a city that is environmentally sustainable and resilient to climate change.



THEME 2 OVERVIEW

Relevant housing needs

New housing in appropriate locations close to public transport, open space, and other key facilities and services.

Access to housing choices that are well designed, consider the environment and occupant health and wellbeing (**design quality and sustainability**).

Key messages

The location of new housing is critical to creating a city that is environmentally sustainable and resilient to climate change.

The established, compact housing settlement pattern of Port Phillip (excluding Fishermans Bend) and transport network already means most of the municipality performs well as being 'walkable' neighbourhoods.

The Housing Strategy should focus growth around areas close to services, jobs, public transport and activity centres, and strategic development areas to ensure "10 to 15 minute neighbourhoods" (see description in this section).

There are areas of Port Phillip that are more vulnerable to the impacts of climate change, such as increased flooding, the urban heat island effect and extreme weather events.

Draft strategic directions

Reinforce and strengthen the current settlement pattern by continuing to focus growth around areas close to services, jobs, public transport and activity centres, and strategic development areas to ensure 10 to 15 minute neighbourhoods.

Review built form controls that apply to Port Phillip's activity centres to ensure that an appropriate level of housing growth is being facilitated.

Ensure the location of housing upholds direction from state and local overland flood management, foreshore management and coastal adaptation plans to reduce risk to population, infrastructure, ecosystems and property from sea level rise, storm surges, coastal erosion, tidal inundation, and groundwater intrusion.

Categorise all residential land in Port Phillip into distinct housing change areas and show on a Residential Development Framework Plan.

The 20-minute neighbourhood

The location of new housing is critical to creating a sustainable city. Melbourne's Metropolitan Strategy *Plan Melbourne 2017-2050* is guided by the principle of 20-minute neighbourhoods. The 20-minute neighbourhood focusses on living locally and sustainably. It gives people the ability to meet most of their daily needs within a 20-minute walk from home, with safe bike-riding and local transport options.

The established compact housing settlement pattern of Port Phillip (excluding Fishermans Bend) and transport network means that accessing work, shops and recreation is already possible within a 10 to 15 minute walk from our neighbourhoods.¹¹ Most of the municipality performs well as 'walkable' neighbourhoods (*Walk Score, 2023*), with a larger percentage of Port Phillip's population walking to work than the Melbourne average (4.7 per cent compared to 2.0 per cent, respectively).¹²

Figure 5. Plan Melbourne's
Features of a 20-Minute Neighbourhood



Source: *20-Minute Neighbourhoods Creating a More Liveable Melbourne*
State Government Victoria.

Housing in Activity Centres

Port Phillip's activity centres (refer to Map 1) are generally appropriate locations for new housing; given their proximity to services, facilities and public transport. There are economic benefits that flow on from housing in activity centres, including increased local expenditure and the generation of new land uses and commercial formats. Research on Melbourne's city centre during the COVID-19 pandemic¹³ has confirmed the importance of a mix of commercial and residential land uses for improved retail resilience.

Recent permit data,¹⁴ however, indicates that 92.51 per cent of new major residential development (with 10 dwellings or more) is located outside Port Phillip's Activity Centres (refer Map 3). This is inconsistent with State policy direction. These major residential developments are concentrated in precincts like Fishermans Bend, the St Kilda Road corridor and St Kilda (refer Map 3).

Map 3. Port Phillip housing development data 2005–2016





In planning for future housing, the Housing Strategy can reinforce and strengthen the current settlement pattern by focusing growth in and around areas close to services, jobs, public transport, and activity centres, ensuring we maintain our 10–15 minute neighbourhoods.

Climate resilience

Sustainable settlement requires residential areas to be planned to be resilient to climate change impacts overtime. Our City is already experiencing challenges from a changing climate, including:

- Rising temperatures, which will result in increasing levels of heat-related health stress and deaths.
- Rising sea levels that will affect much of Port Phillip, which is only one to three metres above sea level .
- Increased erosion of the foreshore due to an increase in the number and intensity of storm surges.¹⁵

While the Port Phillip Bay coastline is highly valued by our community, it is particularly vulnerable to climate change and urbanisation. Rainfall intensification will increase stormwater and pollutant runoff. Storm surges will become more frequent, exposing the coastline to erosion and inundation.¹⁶ State planning policy recognises the need to plan for an anticipated sea level rise in Port Phillip Bay.

The expected impact of tidal inundation (including storm surges, wave action and saline groundwater intrusion) will have an increasingly considerable influence on future development in Port Phillip, particularly low-lying urban renewal precincts in Fishermans Bend and established areas at Southbank, St Kilda, Balaclava, and Elwood.

While efforts should be made to protect property, by ensuring that the ground floors of buildings are constructed above projected flood levels, this presents additional challenges such as the resulting changing streetscape character or impact on heritage buildings. Special consideration will need to be given to ensuring new residential development responds to rising sea levels and increasing natural hazards.



Residential development framework plan

In Port Phillip, planning for housing growth in a variety of locations and settings will be important to meeting needs, as will facilitating improvements to residential amenity in locations expected to accommodate growth at higher densities. A 2018 audit of the Port Phillip Planning Scheme noted that the City would benefit from a more cohesive spatial plan to assist consistent longer-term growth planning. To plan for housing change over 15 years, we are developing a 'Residential Development Framework Plan' to provide clear direction for the Port Phillip Planning Scheme on locations where housing growth and change should occur.



Several crucial factors for consideration in developing the Framework include:

- opportunities for the redevelopment and intensification
- planning controls
- neighbourhood character
- landscape considerations.
- natural hazards and climate change impacts (including flood and tidal inundation)
- environmental quality
- costs of providing infrastructure (particularly relevant at Fishermans Bend)
- access to services, jobs, public transport, and activity centres
- competing land use
- built form objectives.

Draft housing change areas

We have developed four draft housing change areas (minimal, incremental, moderate, and substantial), using the existing built form of an area as the starting point. Some development will still occur in areas designated “minimal change”, and this designation should not be used to preclude housing development in these areas. The Victorian planning system seeks a balance between population growth, new development, retention of heritage fabric and improved liveability.

WHAT WILL A RESIDENTIAL DEVELOPMENT FRAMEWORK PLAN ACHIEVE?

Identifying housing change areas provides certainty to the community about where growth and intensification will be encouraged. It also defines where valued neighbourhood character will be protected and where development is constrained.



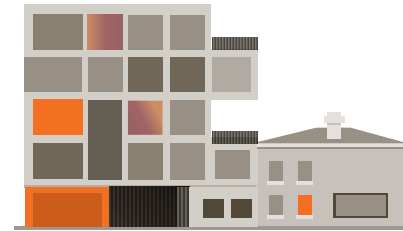
Minimal change area:

- Areas that have limited capacity to accommodate future housing growth over time.
- Within established residential areas that have special and valued neighbourhood, heritage, environmental, or landscape characteristics.
- Have a consistent fine-grain subdivision pattern and small lots sizes.
- Have low-rise, detached, and dual occupancy dwellings.



Incremental change area:

- Areas that have the capacity to accommodate a modest level of housing growth over time.
- Within established residential areas where existing neighbourhood character will evolve and change over time with reference to the key identified neighbourhood attributes.
- Have consistent fine-grain subdivision pattern and small lots sizes.
- Have low-rise detached, dual occupancy and smaller scale apartment dwellings.



Moderate Change area:

- Areas that have the capacity to accommodate moderate housing growth over time.
- Within or close to services, jobs, public transport and activity centres and precincts, where new development should respect existing valued neighbourhood character and/or heritage attributes.
- Have mixed lot sizes.
- Have midrise infill and shop-top apartment dwellings.



Substantial Change Areas

- Areas and sites that have the capacity to accommodate a high amount of housing growth over time.
- Within or close to services, jobs, public transport, activity centres, precincts, strategic sites and/or urban renewal areas where new development will result in new built form and neighbourhood character.
- Have large lot sizes that have a limited number of site constraints.
- Have mid- and high-rise apartment dwellings.



Theme 3

Achieving preferred neighbourhood character

To ensure a balanced approach in planning for housing growth and change, neighbourhood character should be considered in the new Housing Strategy and Residential Development Framework Plan.



THEME 3 OVERVIEW

Relevant housing needs

Access to a range of housing choices that are well designed, consider the environment, and health and wellbeing (design quality and sustainability).

New housing that respects heritage and responds to and establishes preferred neighbourhood character.

Key messages

Every property, public place and piece of infrastructure contributes to establishing a distinct neighbourhood character.

Neighbourhood character is not static and evolves over time to meet contemporary housing needs. Respecting neighbourhood character does not mean preventing change.

There is an opportunity to work with the community to develop preferred neighbourhood character statements. This will provide guidance to balance future housing growth with character, sustainable development, and community benefit.

Draft strategic direction

Review and update the Port Phillip Planning Scheme to include preferred future neighbourhood character statements.

Use the following approach as a basis for achieving preferred neighbourhood character:

Building on Port Phillip's valued character

- Reinforce highly valued existing neighbourhood character elements that contribute to a neighbourhoods' unique identity.

Ensuring housing growth and diversity

- Balance the need to ensure new development contributes to preferred neighbourhood character with the need to accommodate housing growth and diversity.

Delivering high-quality sustainable and resilient neighbourhoods

- Facilitate new development that is designed to respond to and mitigate the impacts of a changing climate.

Creating vibrant, comfortable and engaging neighbourhoods

- Require development to contribute positively to the public realm and support the health and wellbeing of the community (via improved walkability, safety, street interaction, urban greening and biodiversity)

Support innovation in building design

- Facilitate innovative and site-responsive design that meets contemporary needs.

What is Neighbourhood Character?

Neighbourhood character describes elements of the public and private realm that make one area distinctive from another (creating a sense of place). Every property, public place or piece of infrastructure contributes, no matter how great or small. It is the cumulative impact of all these contributions that establishes neighbourhood character.¹⁷

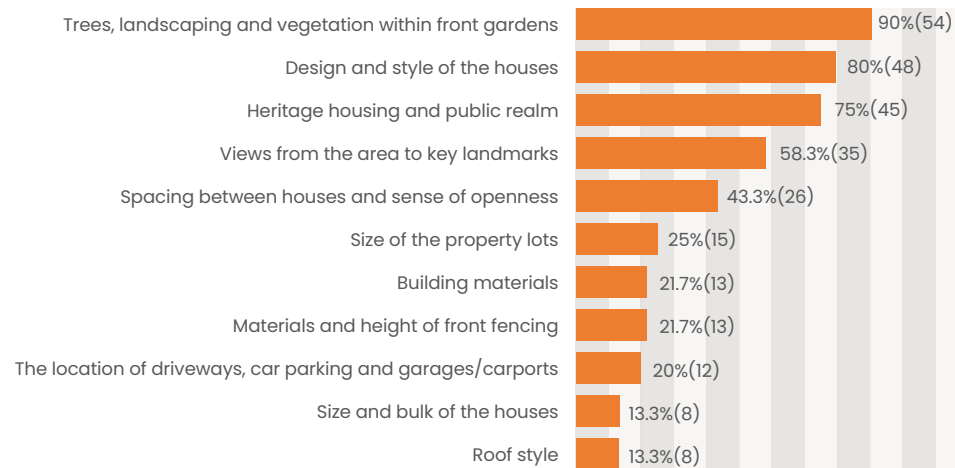
When we spoke to the community in our Phase 1 Engagement, most of the respondents rated 'trees, landscaping, and vegetation in front gardens' as elements that make their neighbourhood distinctive from other areas (Figure 6).

Neighbourhood character is different to attractiveness or heritage. All areas have a character in the same way all people have a personality. In some areas the character may be more obvious, more unusual, or more attractive, but no area can be described as having no character.

It is important to define valued existing neighbourhood character elements and the future preferred character.

Figure 6. Phase 1 Community Engagement

What do you like about your neighbourhood that makes it different from other areas?



To help do this, we are preparing a new Neighbourhood Character Study focussed on residential areas, particularly those areas with the greatest level of change or those not already protected by heritage and built form planning controls.

The study will include preferred neighbourhood character statements, based on analysis, community input and a set of principles to guide future development.

The statements will need to reflect the valued features and characteristics of an area but also be 'forward-looking' to ensure contemporary housing needs are being met.

Respecting Neighbourhood character does not mean preventing change. Instead, new development in Port Phillip will play a significant role in shaping neighbourhood character of areas.



Providing housing diversity and accessibility

Housing diversity refers to the mix of different types of housing. This can include a range of housing types such as apartments, townhouses, and separate houses.

It can also include housing of varied sizes, layouts, and tenure. Providing a range of housing and tenure can provide our community with more options and allows people with varied incomes and backgrounds to live in the same area (enabling social diversity and resilience).

Due to the development setting of most of the municipality, apartments are accommodating most of the future housing demand.

We need diverse and accessible housing to cater to our community's changing household needs. For example, housing needs change as people age, start a family, change jobs, work from home, acquire a disability or suffer an illness.

THEME 4 OVERVIEW

Relevant housing need

Access to housing choices that are fit for purpose for people at different life stages and of varied abilities and needs (**accessible housing/ housing diversity**).

Key messages

While there might be a sufficient supply of housing in Port Phillip there is a lack of a diversity in the housing being built. This is impacting the social makeup of our community.

New homes should be designed with enough space, flexibility, and adaptability to ensure they are accessible and can respond to changing circumstances.

Draft strategic directions

Advocate for the Gold Level Liveable Housing Design^{6F} standards for all homes and investigate opportunities to introduce local planning policy that encourages integration

of universal design features into apartment design, to promote flexible housing and accommodate a range of lifestyle needs.

Investigate opportunities to introduce local planning policy that encourages the provision of larger dwellings in apartment developments suitable for families and shared households.

Investigate opportunities to introduce planning policy that encourages development of apartments that provide a diversity of dwelling types and targets (development scale, especially dwelling sizes and the number of bedrooms).

Support small-scale infill developments such as second dwellings and alterations and additions to single houses to provide accommodation for larger household types and multigenerational households.

Encourage the development of residential aged care facilities within or close to services, jobs, public transport and activity centres and precincts.

One of the biggest challenges we face is the limited choice of housing available to our community. The 2021 census showed that 67 per cent of dwellings in our city had two or fewer bedrooms, a significantly higher proportion compared to Greater Melbourne's 25 per cent. Only 6 per cent of the dwellings had four or more bedrooms.¹⁸

Between 2016 and 2021, the supply of two-bedroom dwellings saw the highest increase. It is likely that the abundance of two or fewer bedroom apartments available in the City is why we have a significantly higher proportion (41%) of lone-person households, and a considerably smaller proportion of families, compared to Greater Melbourne. As people's lifestyles change – as they opt to work from home, or as couples grow their families – they have to move out of Port Phillip to up-size their housing.

There is also a lack of diversity in the housing types available in Port Phillip, with less than 8 per cent of dwellings are separate houses, compared with Greater Melbourne's 65 per cent.

During Phase 1 Engagement, we heard that the majority of respondents thought the community needed a more diverse housing mix.



In Port Phillip, 55.5 per cent of dwellings are high density apartments (above 3 storeys). This is significantly more than Greater Melbourne's 13 per cent. Of the 697 dwellings completed in Port Phillip in 2021, most were either in medium or high-density apartment developments.¹⁹

There is also a lack of tenure diversity in Port Phillip, with a significantly greater portion of renters in our City (49 per cent) compared to Greater Melbourne (29 per cent). All these factors impact the make-up of our community and how we live now and into the future.

The Housing Strategy should investigate ways to support a diverse community, encouraging a range of suitable housing options so residents have the option to work from home, grow their families, live in multi-generational homes and age in place.



Dwelling accessibility

Dwelling accessibility is considered the overall design and layout of a home, and how well it meets the needs of its occupants. It might include designing or modifying homes to be accessible to people with disabilities or temporary mobility difficulties. Accessibility features include ramps, elevators, wider doorways and other modifications in the design of a home to make spaces easier to navigate and usable for their occupants.

Since apartments will continue to be the City's predominant housing type, they should be well-designed, liveable and provide a high level of internal and external amenity to improve the occupant's health, wellbeing and overall quality of life. The Housing Strategy should investigate ways of improving the design and the quality of future apartments.

Local Government could advocate that the State Government address gaps identified in the *Better Apartment Design Guidelines for Victoria* (BADS), which would improve the liveability and design of apartment developments, namely by addressing:

- Additional universal design standards (beyond mobility) to ensure apartments are safer and easier to enter, move around and live in.
- Additional adaptable apartment design standards (beyond adaptable bathrooms) to allow buildings to accommodate a diverse range of lifestyle needs such as different household structures, live/work housing arrangements and future changes in use over time.

In 2021, 3.7 per cent of the population in Port Phillip reported needing help in their day-to-day lives due to a disability.²⁰ Of this, the largest age group needing assistance were those 85 years and over. Research indicates that many people prefer to age in place and remain in their community as they grow older.²¹ To facilitate this requires suitable housing that is easy to move in, is capable of cost-effective adaptation, and responds to the changing needs of occupants.

By ensuring new homes are designed to be accessible we can make sure all residents in Port Phillip, regardless of their age or ability, can live independently and participate in our community.

The Housing Strategy should investigate opportunities to introduce planning policy to ensure that more apartments are designed to be accessible and fit-for-purpose throughout a resident's lifetime, based on the *Seven Principles of Universal Design*.²²

- equitable use
- flexibility in use
- simple and intuitive use
- perceptible information
- tolerance of error
- low physical effort
- size and space for approach and use.

There is limited data available on whether new dwelling stock is designed to be accessible and adaptable for the changing needs of residents. The Housing Strategy to explore ways to strengthen existing planning policy around the delivery of accessible housing in future developments to ensure that the need is being met.

Local residential aged care facilities

We support and encourage more housing that allows people to grow old at home, but it is sometimes necessary for a person to relocate to a residential aged care facility to receive adequate care and support.

The number of residents over 70 in Port Phillip is expected to grow by 8,100 residents by 2036.²³ With older residents making up a greater share of the community (approximately 11 per cent by 2036²⁴), there will be increasing demands on this sector.

In Port Phillip, five residential aged care facilities currently provide 370 beds or 'places'. It is expected that Port Phillip will have a substantial shortfall of places by 2036 (based on the Federal Government target of 78 aged care places per 1,000 people aged 70 years or over) unless more facilities are developed.²⁵

Residential aged care facilities in inner Melbourne typically take the form of taller apartment buildings, given high land values and the sectors' standard operating model.

To support the development of more aged care facilities in Port Phillip, the Housing Strategy should encourage this type of residential development in areas that are well serviced by public transport and that are close to hospitals and other specialist medical facilities.





Theme 5

Pursuing housing design quality

Good design quality is important to achieving sustainable, high amenity housing that meets the needs of our community and contributes to the vibrancy of our neighbourhoods.

Since apartments will continue to be the predominant housing type in Port Phillip, it is important that they are well-designed, liveable and provide high level of internal and external amenity to improve the occupant's health, wellbeing and overall quality of life. The Housing Strategy should investigate ways of improving the design of future apartments, including advocating for the State Government to address the following gaps in the *Better Apartment Design Guidelines for Victoria* (BADS):

- Minimum apartment size and layouts to achieve a high standard of amenity.
- A clear and quantifiable definition of adequate daylight in apartments and guidance to maximise sunlight access.
- Minimum distance between buildings.

THEME 5 OVERVIEW

Relevant housing need

Access to housing choices that are well designed, good for the environment, and good for an occupant's health and wellbeing (design quality and sustainability)

Key messages

Most of the new housing in Port Phillip will be apartments. There is an opportunity to encourage high-density development, which achieves good quality, amenity, and sustainability outcomes.

Draft strategic directions

Advocate for improvements to Victorian Government led Better Apartment Design Guidelines and planning provisions.

Support ongoing improvement to Environmental Sustainability Design (ESD) standards and sustainability outcomes, including targets for zero carbon development that improves the energy and water efficiency of new buildings.

Investigate opportunities to remove planning roadblocks to retrofitting exiting housing stock to improve sustainability outcomes.

Manage climate change risks and opportunities through facilitating buildings that are designed to be resilient to higher temperatures, flooding and weather extremes.

Introduce good design programs to improve design quality of low, medium, and higher density housing development.

During Phase 1 Engagement, the majority of respondents identified well-designed and energy efficient housing as the community's most important housing need.



Reaching net zero

In 2020, a third of emissions in our City came from residential uses (a combination of electricity, gas, and waste – *Snapshot, 2020*). Attaining ‘zero-net emissions’ or ‘zero carbon’ across Port Phillip is a key part of our climate change mitigation response.

The current suite of Environmentally Sustainable Development requirements in the Port Phillip Planning Scheme do not reflect the urgency needed to tackle climate change. Port Phillip is working with the Council Alliance for a Sustainable Built Environment (CASBE) and 23 other interested councils to introduce new planning policy that elevates Environmentally Sustainable Design (ESD) of new development and encourages a move towards net zero carbon development.

The early integration of zero-carbon elements into the design of a building, when the opportunities are greatest, will most effectively reduce the emissions of housing development.

New ESD requirements will support improvements in the energy and water efficiency of new buildings and the performance of new subdivisions. This will contribute to more affordable living, reduce greenhouse gas emissions, and reduce stormwater discharges into our rivers and bays.

The quality of life for residents will be enhanced by building design and subdivision features that make it easier to recycle, support more walking, bike-riding, public and shared transport options and minimise the exposure of air pollution and noise. The Housing Strategy can provide critical strategic support for this project to ensure new housing reduces resource and energy consumption and supports the health and wellbeing of future occupants.

There is a high proportion of existing housing stock in Port Phillip that will not significantly change over the term of the Housing Strategy.

The Housing Strategy needs to investigate ways to support residents improve the thermal comfort and air quality in their homes and implement climate change adaptation strategies. We will need to investigate ways of ensuring the planning framework supports these retrofitting measures, rather than creating barriers to adaptation.

There is already work being done to improve the design quality of apartments across Victoria.

State Government’s introduction of revised *Better Apartment Design Standards (BADs)* into the Planning Scheme (to deliver improved external amenity and design outcomes for all apartment developments) addressed four policy gaps:

- provision of communal green space and improved landscaping.
- use of high-quality building façades.
- protection of streets from wind impacts.
- creation of attractive and engaging street frontages.



WHAT IS THE ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT POLICY PROPOSING?

24 Councils are pursuing a Planning Scheme Amendment that elevates the ESD requirements and targets. Under the proposed changes, new developments would:

- Produce net zero carbon emissions.
- Reduce household bills by making buildings more energy efficient.
- Provide a healthier and more comfortable environment for building occupants.
- Better manage water quality, use and collection.
- Protect and enhance greening and biodiversity.
- Be more resilient to changing climate impacts.

The amendment will run in conjunction with the development of the Housing Strategy.



Theme 6

Providing affordable housing choices

Affordable housing can mean different things in different contexts.

In the context of this paper, we use the term defined by the *Planning and Environment Act 1987*: **‘Affordable housing is housing that is appropriate for the housing needs of very low-, low- and moderate-income households.’** Affordable Housing is an umbrella term including social (public and community) housing.

Figure 7 outlines the spectrum of housing models and which ones are considered affordable housing.

The Governor in Council Order is updated annually to specify affordable housing (that is not social housing) income ranges as defined under the *Planning and Environment Act 1987*. For Greater Melbourne, the 2023 Affordable Housing income is outlined in Table 4.²⁶

THEME 6 OVERVIEW

Relevant Housing Needs

Access to housing choices that are affordable to live in regardless of changing social or economic status (**affordable housing**)

Key Messages

Affordable housing is essential infrastructure for sustainable, inclusive, and productive communities.

Anyone might need affordable rental housing during their lifetime. Affordable housing is needed by anyone who is part of a very low, low, or moderate income household. This can include families, older people, key workers, and early career workers in healthcare, hospitality, and creative industries.

Around 6% of the housing in Port Phillip is social housing. There is an estimated shortfall of 7,000 affordable housing units across Port Phillip. Without policy intervention, the estimated shortfall will increase to 11,300 by 2041. The City of Port Phillip has a long history of commitment to increasing the

level of affordable housing available in the municipality.

Draft Strategic directions

Advocate for systemic planning regulation change and new and ongoing investment for better affordable housing outcomes

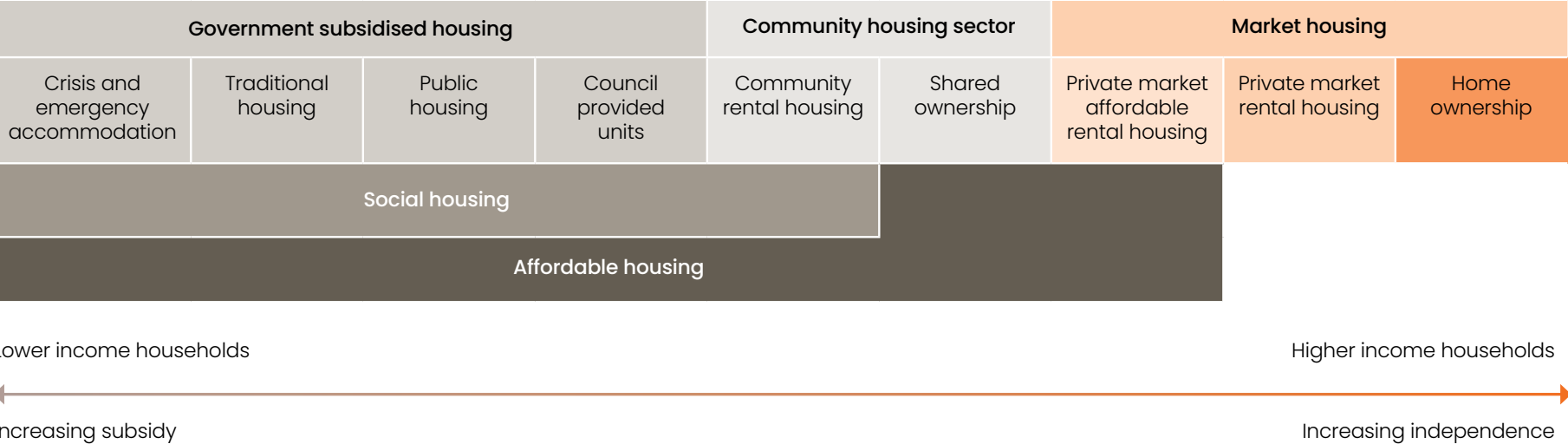
Investigate opportunities to implement stronger planning tools in areas outside Fishermans Bend to provide affordable housing in places with good access to public transport and services, particularly where land has been re-zoned for more intensive use.

Facilitate affordable housing on public land, including council owned land.

Investigate opportunities to introduce local planning policy that supports emerging housing models that focus on moderate income households, including affordable “Build to Rent” and “Rent to Buy” housing for key workers and shared equity schemes.

Advocate the State Government to introduce strategies to manage short-term lettings and ensure adequate affordable rental supply in areas of intense use.

Figure 7. Housing supply continuum



HOUSEHOLD	VERY LOW	LOW	MODERATE
Single	Up to \$26,680	\$26,681 to \$42,680	\$42,681 to \$64,020
Couple (no dependant)	Up to \$40,010	\$40,011 to \$64,030	\$64,031 to \$96,030
Family (single or couple with dependent children)	Up to \$56,010	\$56,011 to \$89,630	\$89,631 to \$134,450

Table 4. Affordable housing income ranges 2023



If we translate this annual income into weekly income, the recipient of affordable housing can include:

- a single adult earning an income up to \$ 1,227 a week
- \$1,840 for couples with no dependants.
- \$2,577 for a family.

Many key workers – including early career teachers, healthcare, emergency service workers, and those who work in Port Phillip’s creative and hospitality industry – could fall into these income ranges. Recent disruptions and crises, particularly the COVID-19 pandemic, have highlighted the dependence of our cities and their populations on these workers, as well as the risks for overall resilience when services are inadequately staffed.

Shortfall of Affordable Housing in Port Phillip

Affordable housing consists of various housing models for households of different income ranges, but the most pressing housing affordability problem is for people renting on very low incomes.

HOUSEHOLD TYPE	PORT PHILLIP LGA	
	2021	2041
Homeless	1,000 (2%)	2,000 (2%)
Severe rental stress	3,500 (7%)	10,000 (12%)
Moderate rental stress	2,000 (4%)	200 (0%)
Living in social housing	4,000 (8%)	4,700† (6%)
TOTAL need for assistance	11,000 (21%)	16,000 (20%)
Affordable housing shortfall	7,000	11,300

Table 5. Forecast need of housing assistance and affordable housing shortfall, 2021-2041³²

Notes: Source: SGS Economics and Planning 2022, Housing Assistance Demand Model

According to the Australian Bureau of Statistics (ABS) 2021 census, approximately one in every five households (9,204 households) are in the lowest income quartile earning less than \$881 in 2021. About 12,882 individuals aged 15+ (16 per cent) are in the lowest income quartile, earning less than \$375 per week. For these households, finding affordable rental housing extremely is difficult if not impossible.



Women over the age of 45 are the fastest-growing cohort of the population experiencing homelessness in Australia. Australian census figures estimate 7,000 women over the age of 50 who were homeless in 2016, reflecting a 31 per cent increase since 2011.²⁷ The data does not include those who resort to couch surfing or living in cars who are often not included in statistics related to homelessness.

In 2021, there were 4,154 social housing dwellings in our City, representing only 6.5 per cent of total dwellings. The comparative figure in 2015 was 7.2 per cent.

The forecast need²⁸ for housing assistance in Port Phillip was 11,000 households in 2021. This includes low to moderate income households in moderate or severe rental stress,²⁹ and households currently living in long-term social housing.

Based on current supply of affordable housing (approx. 4,000 dwellings), there is an estimated shortfall of 7,000 affordable housing units across the City. The need for housing assistance is forecast to increase to 16,000 households by 2041.

If the current rate of supply of social housing dwellings does not change there will be an estimated shortfall of 11,300 affordable dwellings by 2041.

The impact of short-term rental on housing affordability

Recent research has shown that Short-Term Letting (STL) platforms like AirBnB are not significantly worsening rental affordability across Melbourne as a whole, but are having an impact on the availability of rental properties in specific high-demand inner city areas such as St Kilda.³⁰ St Kilda has the second highest number of AirBnB listings (outside of the CBD), largely due to its appeal as a tourist destination. There is a likelihood that STL platforms are removing properties from the long-term rental market in St Kilda and furthering unaffordability in the private rental sector.³¹

The impacts of STL on local rental supply have been somewhat offset in St Kilda by the strong pipeline of new dwellings being constructed. Nonetheless, the findings suggest that STLs are contributing to the challenges already confronted by long-term renters.

The responsibility of managing the impacts of STLs largely rests with the State Government. The Housing Strategy should explore advocacy opportunities for the State to improve localised outcomes.



Role of local government in facilitating affordable housing

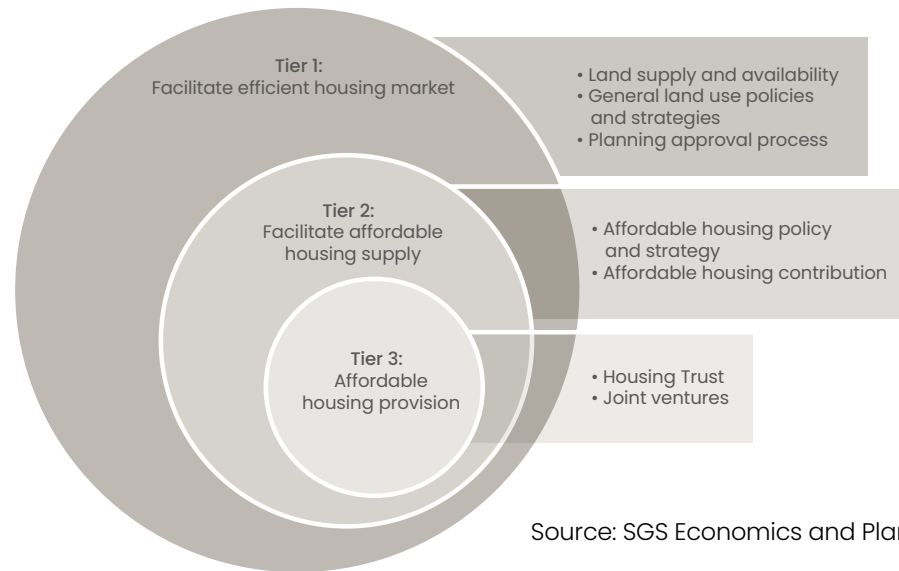
Addressing the affordability crisis is complex and requires a cross government and sector approach. The role local government can play in affordable housing is shown in the 3-tier analogy (Figure 8).

At Tier 1, local governments focus on facilitating an efficient housing market. It is a general belief that if local government run an efficient planning and development approval system, the market can respond as smoothly as possible to local demand.

Tier 2 sees local governments going a step further in facilitating affordable housing supply. This might include specific policy requiring affordable housing contributions from private development. At Fishermans Bend, development is requested to provide at least 6 per cent of dwellings as affordable housing unless otherwise agreed by the responsible authority.

In Tier 3, local government becomes an investor in affordable housing provision through initiatives like housing trusts or joint ventures to deliver affordable housing on the ground.

Figure 8. Local Government Role: a three tiered approach



Port Phillip has had a long-standing commitment to increasing the level of affordable housing available in the municipality. We were among the first councils in Victoria to set up a community housing reserve to directly fund social housing. From 2005 to 2015, Council contributed \$4 million from the community housing reserve to the Port Phillip Housing Trust.

Since 2015, with the adoption of the *In Our Backyard Affordable Housing Strategy (IOBY)*, Port Phillip has allocated \$500,000 a year into a special Council Housing Reserve.

The In Our Backyard Reserve can be allocated to a range of partners for affordable housing. A total of between 450 and 500 units³³ have been delivered under IOBY policy levers.

The first contribution via the IOBY Reserve has been \$4 million in cash, plus the 28 Wellington Street *Common Ground* project to house persons who have been homeless (rough sleeping) under a partnership with St Kilda Community Housing and Homes Victoria.

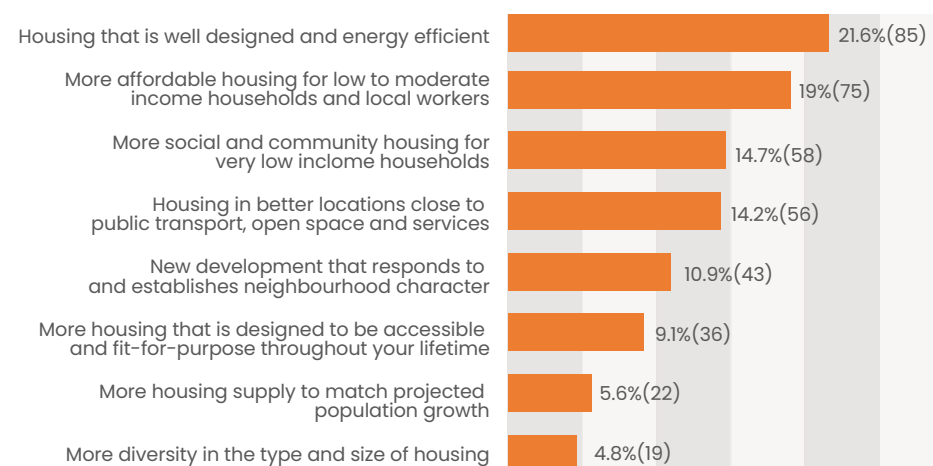
Port Phillip Council Plan 2022–31 and future affordable housing priorities

The *Port Phillip Council Plan 2022–31* acknowledges the State Government’s large investment in social and affordable housing and identifies opportunities for council to facilitate the renewal of existing housing sites to increase affordable housing. During Phase 1 Engagement, ‘more affordable housing for low to moderate income households and local workers’, and ‘more social and community housing for very low-income household’ were rated as two of the three most pressing housing needs (Figure 9).

The Council Plan also states that Council will facilitate and advocate for the introduction of mandatory inclusionary zoning by the Victorian Government, and strengthen voluntary housing agreements.

Figure 9. Phase 1 Engagement

When planning for housing growth and change in Port Philip, what do you consider the four most important housing needs?



These measures are intended to increase housing delivered through the planning system that are affordable to very low, low, and moderate-income households.

Affordable housing In Victoria can only be facilitated by the planning system through voluntary agreements. Council cannot impose mandatory affordable housing contributions from private development.

This can create significant confusion and uncertainty for both council and landowners alike in terms of where, when, and how affordable housing is required.

Some key principles have emerged in the absence of mandatory controls. The first is that affordable housing can be defined as “essential infrastructure” for sustainable, inclusive, and productive communities.

Infrastructure Victoria has added Affordable Housing to its top three priorities for the state over the next 30 years. In this scenario, landowners and developers have an obligation to partly-fund affordable housing in the same way they might be required to fund other essential infrastructure such as open space.

The second principle that has emerged is that it is legitimate to tap “value uplift” to supply affordable housing. This might occur where rezonings or discretionary height adjustments increase property values. Changes to zoning can result in increased yields for landowners, not previously captured by current taxes and charges. Planning regulations can be used for residential developments to include a proportion of such increased yield toward affordable housing.

Innovative housing models

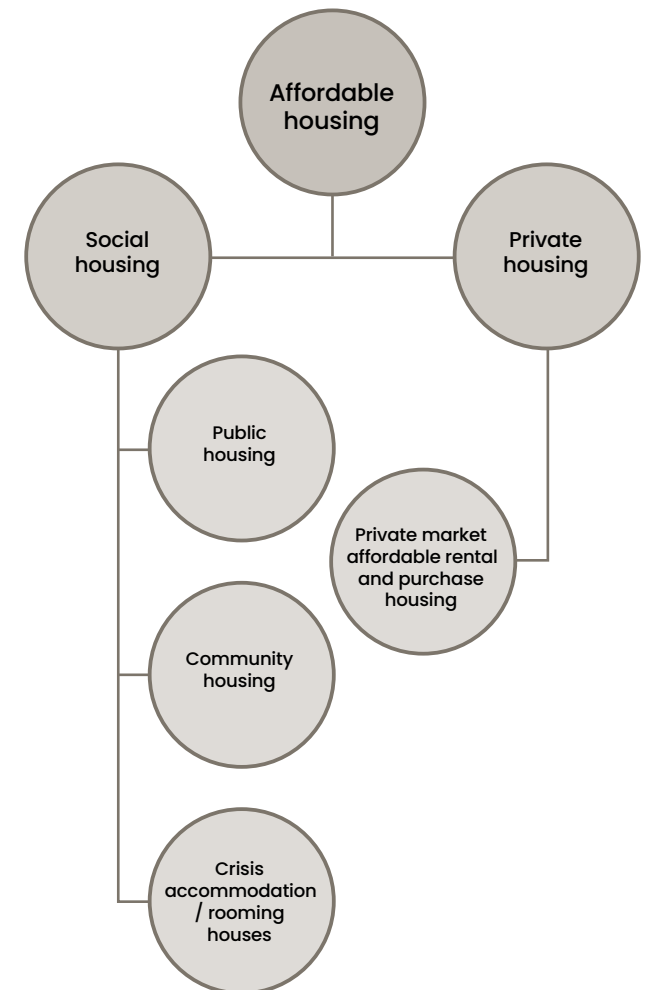
As developers and the private sector increasingly respond to the issue of housing affordability, we need to be receptive to innovative housing models as they arise.

By supporting the take-up of emerging housing models, we are more likely to achieve a broader range of affordable housing in Port Phillip. The Housing Strategy should explore the benefits of innovative solutions to deliver housing, such as:

- shared equity schemes.
- co-housing.
- affordable build to rent.
- affordable rent to buy.
- collaborative development projects for key workers.

For moderate-income households that can sustain a reasonable level of assured financial capacity, entering a shared equity arrangement offers a unique pathway to buying a first home in Port Phillip. A shared equity scheme is an arrangement where a homebuyer shares the capital cost of purchasing a home with an equity partner, usually a not-for-profit organisation or government entity. Shared equity schemes can reduce pressures on supported housing programs and return modest profits to equity partners.

Figure 10. Affordable Housing Models



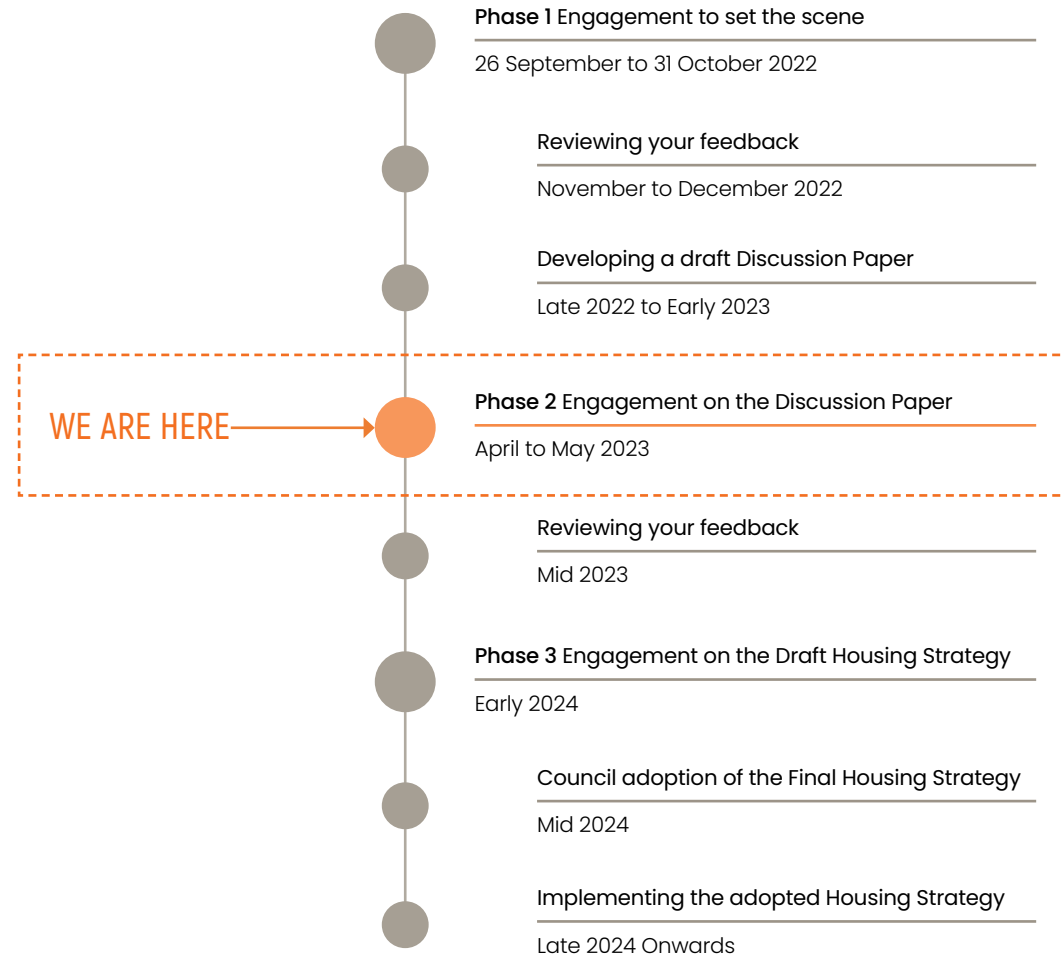


Next Steps

How will we use your feedback and what happens next?

The feedback we receive on this discussion paper will help us shape the draft Housing Strategy. We hope to consult on the draft Housing Strategy in early 2024. Once the final Housing Strategy is prepared, Council will consider adopting the Strategy at a future Council meeting (yet to be determined). At the meeting Council will decide whether to implement the changes recommended in the Strategy into the Port Phillip Planning Scheme through a planning scheme amendment process. This process involves statutory notification, as per the requirements of the *Planning and Environment Act 1987*, to all affected property owners and providing further opportunities for input.

We will continue to report back on what we hear and how your feedback has informed the project. The project timeline shows the key steps for developing the Port Phillip Housing Strategy.



Endnotes

- 1 The cities of Melbourne, Stonnington, Yarra, Port Phillip and Maribyrnong make up the IMAP councils.
- 2 In this report, residential land means land zoned to accommodate residential uses. These zones include the Capital City, Mixed Use, Commercial 1, Neighbourhood Residential, General Residential, and Residential Growth Zones.
- 3 *City of Port Phillip: Estimated Resident Population*. [Online] Profile .id, 2023g. Available at: <https://profile.id.com.au/port-phillip/population-estimate> [Accessed 25 January 2023].
- 4 *City of Port Phillip: Residential building approvals*. [Online] Profile .id, 2023h. Available at: <https://profile.id.com.au/port-phillip/building-approvals> [Accessed 23 January 2023].
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- 6 *Population Statement* [Online], Australian Centre for Population (issuing body), 2022. Available at: <https://population.gov.au/publications/statements/2022-population-statement> [Accessed 12 January 2023].
- 7 Victoria. Department of Environment, Land, Water and Planning (issuing body.), 2019. *Victoria in Future 2019: population projections 2016 to 2056*, Melbourne: Department of Environment, Land, Water and Planning.
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- 10 Department of Environment, Land, Water and Planning (issuing body), 2021a. *A guide to property values: annual analysis of property sales data from Valuer-General Victoria January, December 2021*. Victorian Department of Environment, Land, Water & Planning (issuing body).
- 11 *Council Plan 2021-2031: year two*, Port Phillip (Vic.) Council, 2021.
- 12 *City of Port Phillip: Method of travel to work*. [Online] Profile .id, 2023i. Available at: <https://profile.id.com.au/port-phillip/travel-to-work> [Accessed 17 November 2022].
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- 14 Department of Environment, Land, Water and Planning (issuing body), 2021a. *A guide to property values: annual analysis of property sales data from Valuer-General Victoria January, December 2021*. Victorian Department of Environment, Land, Water & Planning (issuing body).
- 15 Department of Environment, Land, Water and Planning (issuing body), 2021a. *A guide to property values: annual analysis of property sales data from Valuer-General Victoria January, December 2021*. Victorian Department of Environment, Land, Water & Planning (issuing body).
- 16 *Port Phillip Bay environmental management plan 2017-2027*, Victorian Department of Environment, Land, Water and Planning, 2017.
- 17 *Understanding Neighbourhood Character. Planning Practice Note 43*. Victorian Department of Environment, Land, Water and Planning , 2018.
- 18 *City of Port Phillip: Number of bedrooms per dwelling*. [Online] Profile .id, 2023f. Available at: <https://profile.id.com.au/port-phillip/bedrooms> [Accessed 14 January 2023].
- 19 Victoria. Department of Environment, Land, Water and Planning, 2021.
- 20 *City of Port Phillip: Need for assistance*. [Online] Profile .id, 2023j. Available at: <https://profile.id.com.au/port-phillip/assistance> [Accessed 17 December 2023].
- 21 *Ageing well in a changing world: summary report*, Commissioner for Senior Victorians, (issuing body), 2020. Melbourne, Victoria: Victorian Government.
- 22 *Universal design*, Victorian Health Building Authority (issuing body), 2023. [Online] Available at: <https://www.vhba.vic.gov.au/resources/universal-design> [Accessed 3 September 2022].
- 23 Victoria. Department of Environment, Land, Water and Planning (issuing body.), 2019. *Victoria in Future 2019: population projections 2016 to 2056*, Melbourne: Department of Environment, Land, Water and Planning.

- 24 Victoria. Department of Environment, Land, Water and Planning (issuing body.), 2019. *Victoria in Future 2019: population projections 2016 to 2056*, Melbourne: Department of Environment, Land, Water and Planning.
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- 27 *Older Women's Risk of Homelessness: Background Paper*. [Online] Australian Human Rights Commission, 2019. Available at: <https://humanrights.gov.au/our-work/age-discrimination/publications/older-womens-risk-homelessness-background-paper-2019> [Accessed 19 October 2023].
- 28 The Australian Bureau of Statistics 2021 Census – Homelessness data is yet to be released. This data here is projected based on 2016 Census data.
- 29 Spent more than 30% of the gross income on rental cost.
- 30 *Technological disruption in private housing markets: the case of Airbnb*: AHURI, Final Report No. 305, Crommelin, L. T. L. M. C. & P. S., 2018. Melbourne, Victoria: Australian Housing and Urban Research Institute Limited.
- 31 *Technological disruption in private housing markets: the case of Airbnb*: AHURI, Final Report No. 305, Crommelin, L. T. L. M. C. & P. S., 2018. Melbourne, Victoria: Australian Housing and Urban Research Institute Limited.
- 32 Rental stress includes very low to moderate income households spending more than 30% of their income on housing. The social housing count comprises long-term accommodation (not temporary accommodation). Source: Department of Families, Fairness and Housing.
† This includes the additional 700 Affordable housing at Fishermans Bend based on the assumption that the 6% affordable housing target would be fully implemented.
- 33 The range reflects the scale of development in Fishermans Bend delivering affordable housing.

