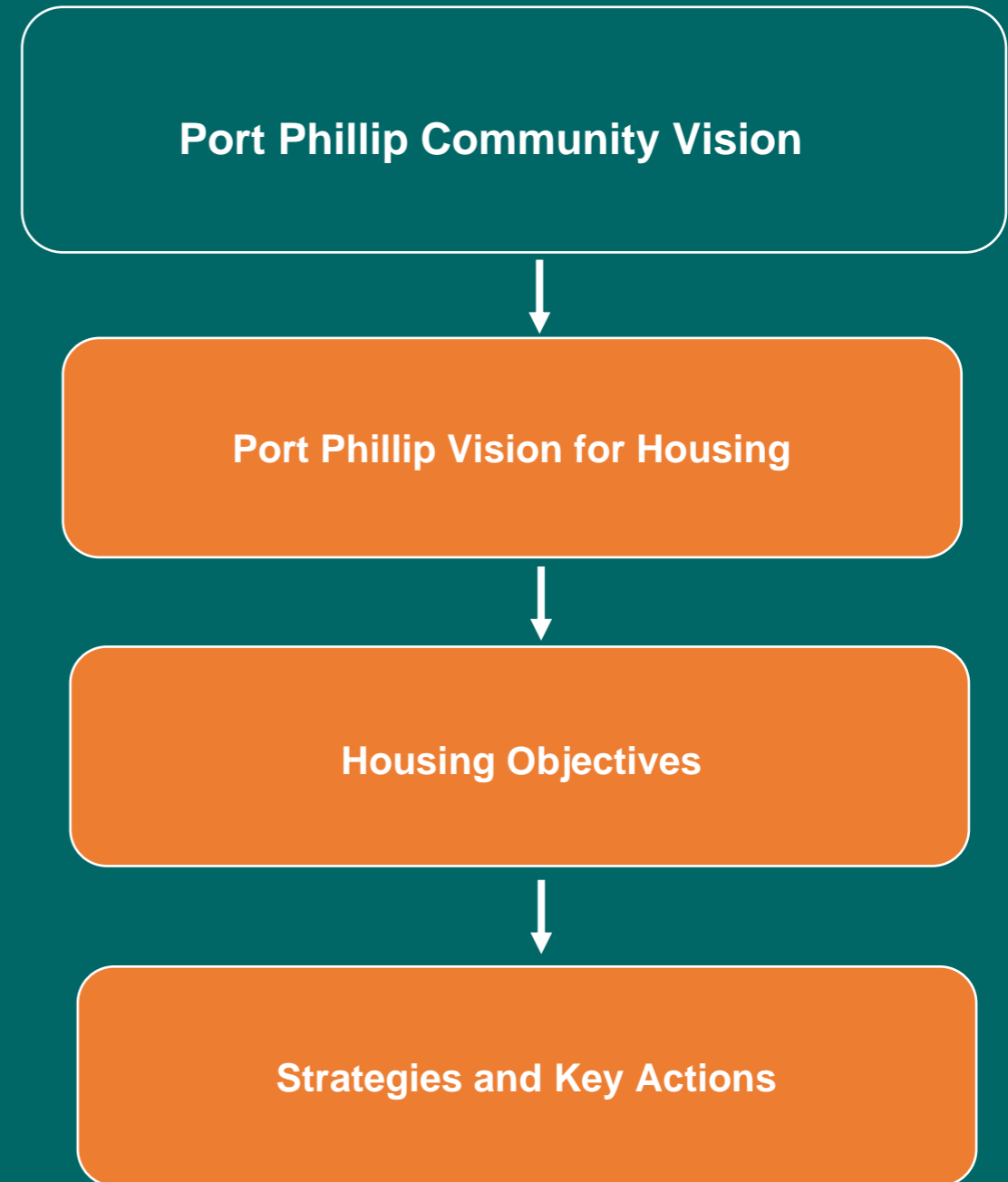


Part 3:

The Strategy



3.0 Vision and Housing Objectives

The draft Housing Strategy sets out a municipal wide housing vision that directly responds to the Proudly Port Phillip Council Plan 2021-2031: Community vision:

Proudly Port Phillip: A liveable and vibrant City that enhances the wellbeing of our community.

The housing vision will guide Council's actions as we endeavour to respond to our key housing challenges and meet the housing needs and aspirations of our evolving community over the next 15 years. The Draft Housing vision is:

A City with liveable neighbourhoods and places to live that meet the needs of our diverse and growing community.

An evolving City that respects its rich history while looking to the future. A City of safe, distinct, inclusive, interconnected neighbourhoods. A City that continues its long-standing commitment to providing affordable housing and is a home to our diverse community. A City that is sustainable and resilient to meet the challenges of a changing environment.

To achieve this vision, the draft Strategy sets out:

- Objectives – the general aims or ambitions for the future
- Strategies – how Council will achieve the desired aims and ambitions for housing and residential development in the City, and
- Actions - how the strategies will be implemented through specific actions to be implemented via the Planning Scheme and possible other actions.



Objective 1: Ensure adequate housing supply

Relevant housing need:

Ensuring sufficient land available to accommodate projected population growth (land supply).

Key messages

- Population growth is a key driver of housing demand and the property market over the long term.
- By 2036, we expect an extra 43,510 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).
- It is important to ensure that residential uses complement, rather than displace, economic activity and employment.

What have stakeholders told us?

At the industry workshop during our Phase 2 engagement, we wanted to know from industry professionals (most of whom are involved in the delivery of housing), what they saw as the main roadblocks to housing supply. Issues with approval processes, and the availability of affordable land in Port Phillip were raised as key issues. Balancing community concerns about development and meeting housing demand was also talked about.

Discussion

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 migration³.

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.

Figure 9 shows that 2010-11, 2013-14 and 2015-16 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 years (108,627 in 2016) to 103,508. This was largely due to negative overseas migration and residents moving interstate and to other municipalities⁴ during the pandemic period (Figure 10).

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 resumes⁵.

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].

It is expected that population growth, along with demand for inner-city living, the attractiveness of Port Phillip as a place to live 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.⁶

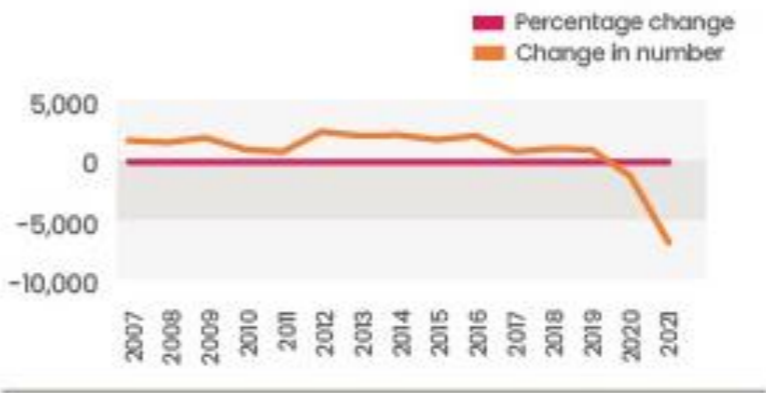
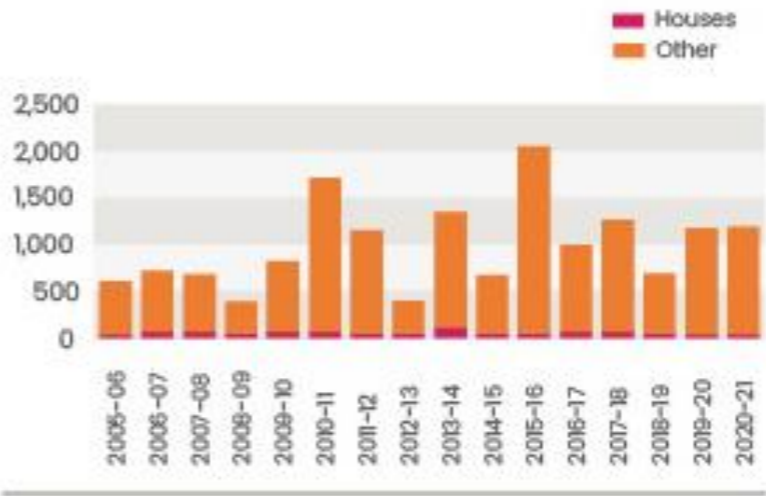


Figure 9 (top): Annual net new dwellings

Figure 10 (bottom): Annual change in estimated resident population

⁵ 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].

⁶ Victoria. Department of Environment, Land, Water and Planning (issuing body.), 2023. Victoria in Future 2023: population projections 2016 to 2056, Melbourne: Department of Environment, Land, Water and Planning

Population and dwelling projections

State Government population and household projections⁷ forecast that by the year 2036 an extra 43,512 people will move to the City of Port Phillip and live in an additional 21,480 homes.

The projected change in households in Port Phillip from 2021 to 2036 (15 years) indicates a growth in the number of couples without children (27 per cent), while the proportion of families with children will decline from 21.8 per cent in 2021 to 19.7 per cent. 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 need to support the development of new housing to meet the demands of the growing residential population. The Housing Strategy investigates ways to ensure that new housing is designed to meet the needs of the community and adapt to the proliferation of the community of the coming years.

This will include facilitating transitions between life stages including shared, sole person, couple, family housing, and downsizing later in life. More housing choices will also be required to attract and retain families with children to the area to ensure the continuation of a diverse population in the City of Port Phillip.

Total residential land capacity⁸

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 capacity report has identified the potential to incorporate approximately 51,000 additional dwellings across the municipality⁹. This considers all feasible sites being developed to their fullest extent, based on specific land capacity assumptions. Although this is a theoretical capacity figure and practical development will be somewhat less, the presence of a current housing development pipeline of more than 17,000 dwellings indicates that major developments, at least in aggregate terms, are likely to provide substantial new dwelling supply in the coming years relative to demand.

Fishermans Bend alone can accommodate approximately 22,400 additional dwellings (44 per cent of the total 51,000 capacity)¹⁰. This is 920 dwellings more than required for the whole of the municipality. A further capacity of 10,900 dwelling (21 per cent of the total 51,000 capacity) can be accommodated in the St Kilda Road Precinct. Apartments in mid- and high-rise towers will continue to be the predominant housing type in these areas. Most of the future housing capacity exists due to existing planning controls permitting medium and high-density residential development within Fishermans Bend and the St Kilda Road North Precinct (this includes the Domain Precinct).

Port Phillip's Major Activity Centres have relatively limited housing capacity by comparison, with potential for approximately 4,600 dwellings across all Major, Neighbourhood and Local Activity Centres.

The capacity support also suggests that while residential infill opportunities are limited in the established residential areas of South Melbourne, Middle Park and Albert Park, that more substantial infill opportunities exist in the established residential areas of Port Melbourne, St Kilda and Elwood especially in areas zoned

as Residential Growth Zone (RGZ) and General Residential Zone (GRZ) and where we have already observed new low-rise apartments being added to the neighbourhood fabric.

Precinct	C1Z	MUZ	RGZ	GRZ	NRZ	CCZ	Total	% of total
St Kilda Road Precinct	7275	3204	1060	0	0	0	11539	22%
St Kilda Road South Precinct	1011	481	0	126	1	0	1619	3%
Fitzroy Street MAC	703	0	0	11	0	0	714	1%
Acland Street MAC	357	0	0	28	0	0	385	1%
Bay Street MAC	235	477	0	30	0	0	742	1%
South Melbourne Central MAC	864	30	0	0	1	0	895	2%
South Melbourne Precinct Balance	211	299	13	174	25	0	722	1%
Carlisle Street MAC	542	298	0	59	8	0	907	2%
Armstrong Street NAC	43	0	0	0	0	0	43	0%
Ormond Rd/Glenhuntly Rd NAC	222	0	0	0	16	0	238	0%
Bridport Street/Victoria Avenue NAC	141	0	0	0	0	0	141	0%
Local activity centres	566	0	0	10	0	0	576	1%
Sub-total - Centres / Precincts	12170	4789	1073	438	51	0	18521	36%
St Kilda Balance	65	488	0	1981	117	0	2651	5%
Port Melbourne Balance	0	372	606	121	217	0	1316	3%
Elwood Balance	0	0	501	2062	655	0	3218	6%
South Melbourne Balance	0	14	0	28	131	0	173	0%
Albert Park Balance	12	0	0	89	161	0	262	1%
Balaclava Balance	0	0	92	842	86	0	1020	2%
Ripponlea Balance	0	0	0	338	14	0	352	1%
St Kilda East Balance	0	0	0	999	99	0	1098	2%
Middle Park Balance	0	0	0	355	90	0	445	1%
St Kilda West Balance	0	0	436	2	41	0	479	1%
Windsor Balance	0	0	191	0	0	0	191	0%
Sub-total - Suburb Balance	77	874	1826	6817	1611	0	11205	22%
Fishermans Bend	0	0	0	0	0	22366	22366	43%
Total	12247	5663	2899	7255	1662	22366	52092	100%
Percentage of total	24%	11%	6%	14%	3%	43%	100%	

Table 2: Capacity results summary – Net additional dwellings (source: Urban Enterprise, 2022, Port Phillip Housing Market and Capacity Assessment, p.56, Table T29.)

Housing Supply Pipeline

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

⁷ Victoria. Department of Environment, Land, Water and Planning (issuing body.), 2023. Victoria in Future 2023: population projections 2016 to 2056, Melbourne: Department of Environment, Land, Water and Planning

⁸ This section of the draft Strategy has been informed by the technical work undertaken by Urban Enterprise, which has been informed by the previous census & VIF data. These datasets will be updated in the final Housing Strategy to reflect the census 2021 and VIF 2023 data.

⁹ Port Phillip Housing Market And Capacity Assessment City Of Port Phillip, November 2022 Urban Enterprise

¹⁰ Port Phillip Housing Market And Capacity Assessment City Of Port Phillip, November 2022 Urban Enterprise

or more dwellings), which propose to deliver 14,611 new dwellings in Port Phillip. Over five years this totals to an average of 2,922 dwellings per annum. Of these planned projects, 60 per cent are apartment developments of more than 50 dwellings. These upcoming developments are mainly concentrated in areas with available housing capacity, including Fishermans Bend, the St Kilda Road corridor, and the St Kilda / St Kilda West precincts.

It is difficult to predict what percentage of the planned developments will proceed through to construction. The Urban Development Program 2021 (Department of Transport and Planning) represents a potential supply pipeline of residential redevelopment. However, the timing for the development of these sites is up to landowners and developers and can be influenced by changes in market conditions. It is unclear if all proposed developments will be realised inside, or outside, of a 5-year period (if they do proceed to construction at all).

It is harder to predict the development pipeline in the medium (5-10 years) and long-term (10-15 years). Historically, Port Phillip has delivered a net additional 1000 dwellings per year. This indicates Port Phillip may incur a deficiency of 400 dwellings per year. However, given there is sufficient residential land in Port Phillip to accommodate projected housing demand over the next 15 years, this strategy has been developed on the assumption that the market will respond to this increased demand and attempt to reduce the potential 400 dwellings shortfall per year based on the availability of land and other stimulus initiatives outlined in the State Government Housing Statement.

While Council cannot foresee future market conditions with certainty, including factors like residential interest rates, supply chain disruptions, realised/constructed development, and new state policies such as the Housing Statement and the associated VC Amendments, Port Phillip can support State Government initiatives to increase housing supply when appropriate. Additionally, a review of activity centre heritage and built form controls should be considered to ensure they facilitate and support growth.

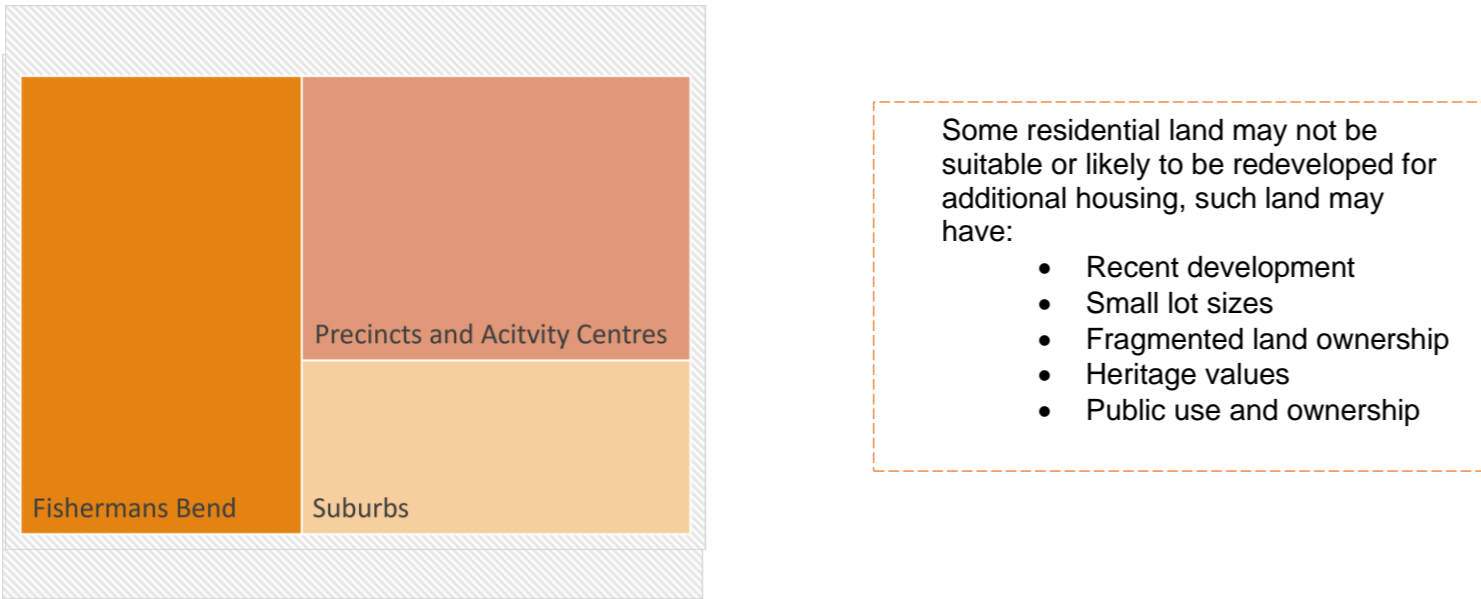


Figure 11: Residential land supply

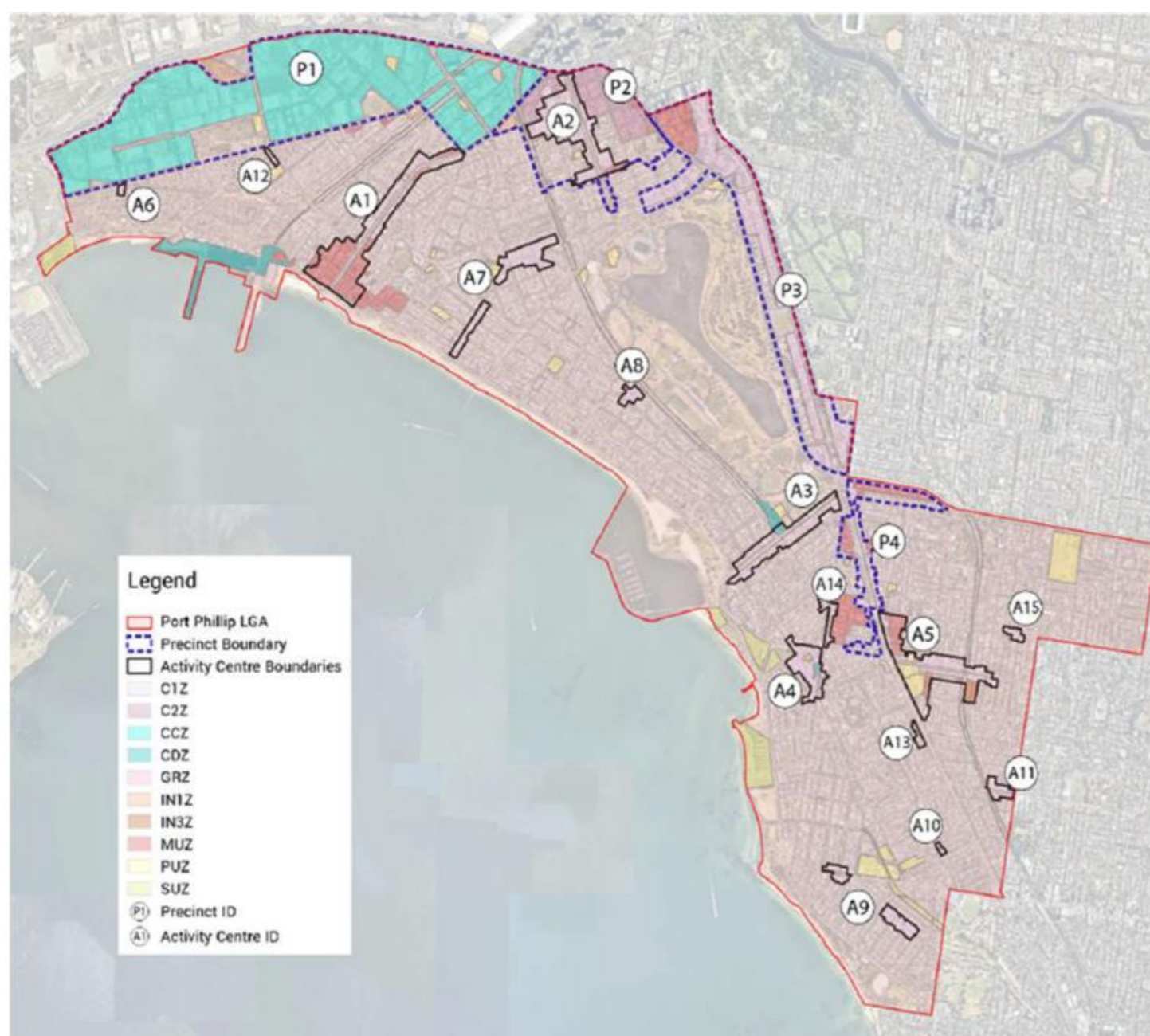


Figure 12: Port Phillip employment land precincts (Source: Urban Enterprise)

Employment Land and Precincts (Land zoned for economic activity)

Many of the city's employment precincts and activity centres also have the potential to include housing under the existing zoning controls. In Port Phillip less than 20 per cent (410 hectares) of land is designated primarily for employment uses. Of this, only about 1.14 per cent (23 hectares) of the land is set aside exclusively for employment purposes¹¹. All other employment land has the potential to accommodate

Code	Name	Location	State policy categorisation	Local Policy Categorisation
Major Precinct				
P1	Fishermans Bend	Port Melbourne	State significant commercial	Urban Renewal Area
P2	South Melbourne Central	South Melbourne	Regional Industrial	Industrial Area
P3	St Kilda Road North / Albert Road	Melbourne / South Melbourne	State significant commercial	Primary Employment Node
P4	St Kilda Road South	St Kilda	Local commercial area	Secondary Employment Node
Activity Centres				
A1	Bay Street	Port Melbourne	Major Activity Centre	Major Activity Centre
A2	South Melbourne	South Melbourne	MAC	Major Activity Centre
A3	Fitzroy Street	St Kilda	MAC	Major Activity Centre
A4	Acland Street	St Kilda		
A5	Carlisle Street	Balaclava	MAC	Major Activity Centre
A6	Centre Avenue	Port Melbourne	Local commercial area	Neighbourhood Activity Centre
A7	Bridport Street / Victoria Avenue	Albert Park	Local commercial area	Neighbourhood Activity Centre
A8	Armstrong Street	Middle Park	Local commercial area	Neighbourhood Activity Centre
A9	Ormond Road / Glenhuntly Road	Elwood	Local commercial area	Neighbourhood Activity Centre
A10	Tennyson Street	Elwood	Local commercial area	Neighbourhood Activity Centre
A11	Glen Eira Road	Ripponlea	Local commercial area	Neighbourhood Activity Centre
A12	Graham Street	Port Melbourne	Local commercial area	Local centre
A13	Brighton Road	Elwood	Local commercial area	Local centre
A14	Inkerman / Grey Streets	St Kilda	Local commercial area	Local centre
A15	Inkerman Street	Balaclava	Local commercial area	Local centre

Table 3: Employment land precincts (Source: Urban Enterprise)

housing, particularly in commercial and mixed use zoned areas in activity centres and employment precincts.

While this provides economic benefits for these areas, including increased local expenditure, a more stable labour supply for local businesses, etc.; this land use flexibility presents a challenge as it intensifies the competition between spaces designated for residential living and those designated for employment.

At the municipal level, the estimated additional development capacity of activity centres and employment precincts (excluding Fishermans Bend) is 1.71 million sqm of gross floorspace, which is substantially higher than the projected floorspace demand of 562,000sqm over the period to 2041.

Where possible, land use and development outcomes are considered, however, the opportunity of residential development in most areas reduces the employment floorspace that may be delivered. Reducing overall capacity to approximately 520,000sqm, while net additional employment floorspace could

¹¹ Land zoned either Commercial 2, Industrial 1 or 3 Zones.

be as low as 181,000sqm if all developable sites in employment zones were developed with a land use mix weighted towards residential.

This capacity assessment demonstrates the importance of employment-only zones (such as the Commercial 2 Zone in South Melbourne) for the opportunity to safeguard land for employment uses in the context of strong competition for inner urban land from residential alternatives.

A key direction of the *draft Port Phillip Spatial Economic and Employment Framework* (SEEF) is to align housing, transport, and employment policy, and to ensure that residential land use complements, rather than displaces, economic activity and employment. In locations where both residential and non-residential land uses are permitted under current zoning, local planning housing policy direction is needed to achieve a balance of complementary land uses, as opposed to 'crowding out' of non-residential uses.

Draft Strategies & Actions

Draft Strategy 1 - Balance the need to accommodate housing growth with the need to adequately support employment land to accommodate growth in businesses and jobs. (Retain land for non-residential uses to support local businesses and employment)

Draft Strategy 2 - Monitor population growth, land capacity, and evolving development trends in Port Phillip to plan for future housing growth and needs.

Strategies & Actions		Role	Timeframe	Lead / Partner	Business impact
1.1	Balance the need to accommodate housing growth with adequately supporting employment land to accommodate growth in businesses and jobs.				
1.1.1	Continue to ensure there is sufficient housing capacity and supply available across different parts of the municipality to reduce pressure to convert employment land to be used for residential purposes.	Deliver	Ongoing	Lead	Operating budget/ Business as usual
1.1.2	Review local planning policy to ensure it balances the need to accommodate housing growth with the need to accommodate adequate employment land to accommodate growth in businesses and jobs.	Deliver	Short-term	Lead	Subject to annual plan and budget
1.2	Monitor population growth, land capacity, and evolving development trends in Port Phillip to plan for future housing growth and needs.				
1.2.1	Establish a housing monitoring system that would identify and regularly track key indicators to inform strategic planning projects. For examples, it might include but not limited to: <ul style="list-style-type: none"> Maintain the housing capacity study Review population forecast 	Deliver	Ongoing	Lead	Operating budget/ Business as usual

	<ul style="list-style-type: none"> Review current housing stock Review proposed housing stock Review available rental housing accommodation Correlate yearly forecast population to current and proposed Port Phillip housing stock Identifying the proposed shortfall in housing capacity Identify area's which could be suitable for future residential development data captured from both planning permit stage and building occupancy stage 				
1.1.2	(1.1.2a) Report on the residential housing patterns. (1.1.2b) Provide biennial updates to Council on the Port Phillip Housing Strategy to monitor its delivery of actions and to ensure an adequate supply of residential land for future housing and population growth	Deliver	Ongoing	Lead	Operating budget/ Business as usual

Objective 2: Direct new housing to appropriate locations

Relevant housing need:

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

Key messages:

- The location of new housing is critical to supporting liveability, and creating a city that is environmentally sustainable and resilient to climate change.
- Most of Port Phillip's neighbourhoods are highly 'walkable', thanks to the compact settlement pattern and established transport network.
- New housing will be directed to areas close to services, jobs, public transport, activity centres and that have the capacity for change.
- Housing development will be limited in comparison in the rest of the established residential areas to protect valued heritage and neighbourhood character.
- Some medium density 'infill' development can be accommodated in established residential areas with existing diverse neighbourhood character that are in close proximity to activity centres and/or the fixed rail PPTN.
- Some well serviced areas are also areas most at risk to the impacts of climate change, such as increased flooding and extreme weather events and this challenge cannot be resolved based on the data available at this time.

What the community told us?

Throughout engagement, the participants expressed the desire for well-designed, accessible, and energy-efficient housing options in the right locations. Locating future housing in close proximity to infrastructure and amenities is seen as crucial. The role of infrastructure and open space was seen as important when planning for new housing. Participants also believed that new development should adequately consider existing infrastructure capacity and ensure adequate provision of open spaces.

Discussion

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, meet the needs of our community. Deciding where to locate new housing can impact liveability and help to creating a city that is environmentally sustainable and resilient to climate change.

20-minute Neighbourhoods

The Victorian Governments long-term 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 800m walk from home, with safe bike-riding and local transport options. This represents a 10 minute walk to a destination, and 10 minute walk back home.

Importantly, the 20-minute neighbourhood focuses on the role of Neighbourhood Activity Centres (especially those with good public transport connections), which in addition to Major Activity Centres are able to provide a range of local goods, services and employment for our local community. For a healthy,

walkable Neighbourhood Activity Centre to survive and thrive in order to enable people to 'Live Locally' they need enough people living within the walkable catchment to support them.

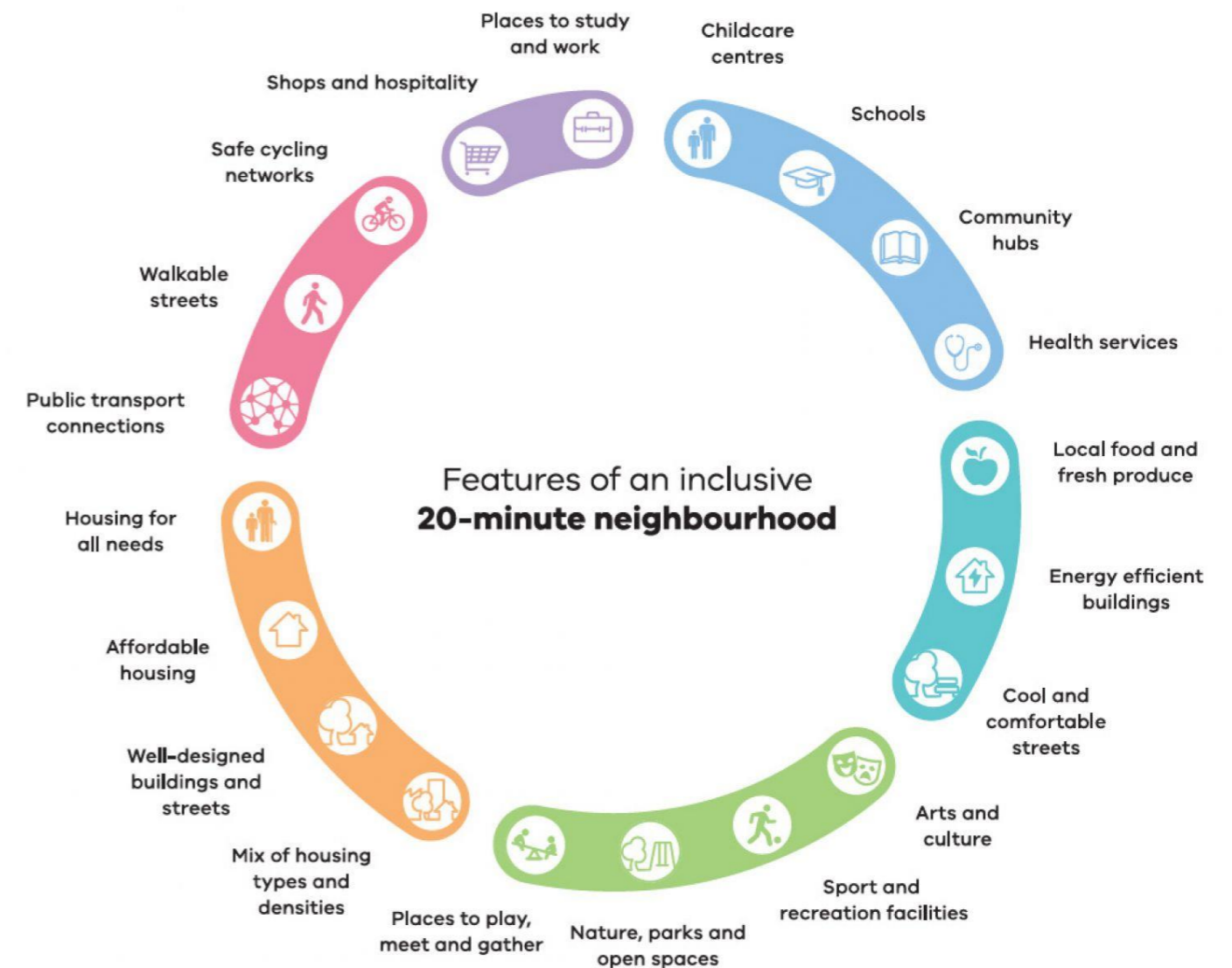


Figure 13: 20- minute neighbourhoods

10-minute Walkable Neighbourhoods

Council's *Integrated Transport Strategy: Move, Connect, Live 2018-28* aims for 10-minute walking neighbourhoods, which involves locating housing and jobs "close to existing (or soon to be completed) high quality pedestrian routes and frequent public transport services that connect to key destinations like schools, employment, shops and community facilities."

This aspiration is supported by the established compact housing settlement pattern of our City (excluding Fishermans Bend) and the well-connected transport network. This means that accessing work, shops and recreation is already possible within a 10-minute walk from our neighbourhoods. 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, respectively¹²).



Image above: 10 Patterson Place, South Melbourne – Small infill development in NRZ covered by heritage overlay.

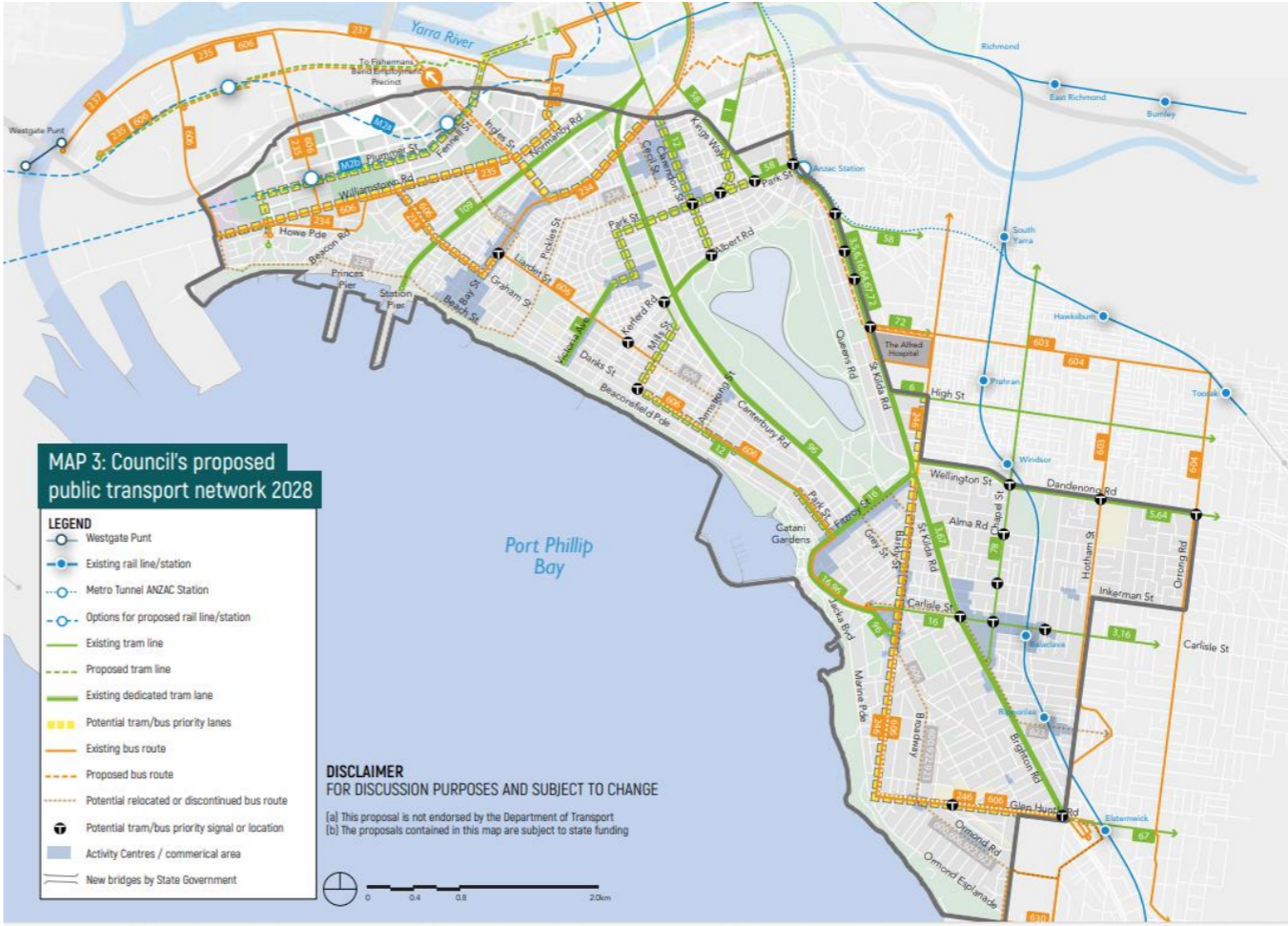


Figure 14: Council's proposed transport network (source: *Move, Connect, Live* 2018-28)

Facilitating housing in and around Activity Centres

During Phase 1 and Phase 2 engagement, community expressed a strong preference of housing located close to public transport, open space and local shops.

There is a hierarchy of activity centres in Port Phillip, with differing roles to play. Port Phillip's activity centres (refer to Figure 2) are generally preferred locations for new housing; given their proximity to services, facilities and public transport. There are economic benefits that flow on from locating 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 pandemic confirmed the importance of a mix of commercial and residential land uses for improving retail resilience¹³. Additionally, the Draft SEEF identified in certain parts of the municipality (such as St Kilda), an increase in housing and population could

¹² [Method of travel to work | City of Port Phillip | Community profile \(id.com.au\)](#)

¹³ [Hananel R, Fishman R, Malovicki-Yaffe N. Urban diversity and epidemic resilience: The case of the COVID-19. Cities. 2022 Mar;122:103526. doi: 10.1016/j.cities.2021.103526. Epub 2021 Dec 10. PMID: 34908641; PMCID: PMC8660207.](#)

contribute to economic recovery from challenging conditions for tourism, hospitality, and entertainment businesses.

However, the benefits of locating housing within centres needs to be balanced with ensuring the on-going economic viability of activity centres, as well as carefully managing the potential land use conflicts that may arise due to the competing needs of commercial uses vs residential uses, including amenity impacts (such as noise), traffic and parking.

Port Phillip's activity centres are anticipated to accommodate a moderate amount of additional housing capacity, with potential for approximately 4,600 new dwellings across all centres. The majority of Port Phillip's activity centres are located within areas with strong heritage and neighbourhood character values, constraining their growth potential as well as constraints such as small lot-sizes and fractured land ownership. So, while the physical aspects such as fine-grain, walkability, heritage and character make these locations desirable places to live, they also pose as barriers to redevelopment.

Structure plans provide the overarching vision and direction for future growth, land uses and built form in activity centres and are the basis for updating planning provisions in a planning scheme. Currently, Bay Street, Port Melbourne and Carlisle Street, Balaclava MACs have existing structure plans, with the work for a new South Melbourne MAC Structure Plan underway. The St Kilda MAC currently does not have a structure plan; hence it is important that this work be undertaken for the activity centre to ensure that its role in accommodating housing, population and economic growth is realised.

Port Phillip also has a number of Neighbourhood Activity Centres, which provide a key opportunity to support the 10-minute walkable neighbourhood concept of Council and 20 minute neighbourhoods of *Plan Melbourne*. The SEEF outlines the increasingly important role of these centres in accommodating more employment uses and recommends Council explore opportunities to encourage and support housing and employment growth in NACs. It further recommends to re-categorise 'Centre Avenue Port Melbourne' and 'Tennyson Street Elwood' from Neighbourhood activity centres to Local activity centres, reflecting the current scale and role of these centres; and prioritise NAC locations include Bridport Street Albert Park, Ripponlea, Ormond Road. Elwood and Armstrong Street Middle Park. Currently, Ormond Road is the only NAC with detailed land use and built form guidance.

Areas surrounding Major Activity centres, Neighbourhood Activity Centres and train stations (within 800 meters) provide a potential opportunity for new 'infill' housing to support 10/20 minute walkable neighbourhoods. Further strategic work is required to determine the appropriate level of housing growth that could be accommodated in these areas. This approach acknowledges several key considerations:

- Community feedback from previous consultations has indicated support for increased housing and greater housing diversity in close proximity to existing infrastructure and services.
- Some of those areas are protected by Heritage Overlays (HO). While the HO does not prohibit development it requires compliance with the Council's heritage policy and will impact development outcomes and potential yields. While the HO is often seen as the reason for limiting growth, it is the combination of the residential zone (which restricts building height and site coverage), HO, and various land constraints not limited to lot sizes, street width and site access. The draft strategy proposes to investigate whether additional housing capacity could be achieved through upzoning

some of this land. This would be further investigated through feasibility testing and further capacity study.

Managing the impacts of coastal inundation and flooding in future housing development

Sustainable settlement requires residential areas to be planned to be resilient to climate change impacts overtime. As a coastal municipality, Port Phillip is particularly vulnerable to the impacts of coastal inundation and flooding because of climate change. The rising sea levels, coupled with intensified rainfall and greater frequency of storm surges could have a substantial impact on the future development of Port Phillip. This particularly affects low-lying urban renewal areas like Fishermans Bend and established regions like South Melbourne, Port Melbourne, Albert Park, Middle Park, St Kilda, Balaclava, and Elwood.

Much of these areas are covered by the Special Building Overlay¹⁴ (SBO). Conditions that apply to development in these locations can include ground floor levels being set above the flood level, increased boundary setbacks and/or limitations on the design of basement parking and access.

Current state of play

In October 2021, the Minister for Planning approved Amendment VC171, which revised the Victoria Planning Provisions (VPPs) and planning schemes, including Port Phillip's Planning Scheme to strengthen coastal hazard planning and implement the Marine and Coastal Policy 2020.

Amendment VC171 replaced the previous requirement for councils to plan for sea level rise to 2040 with a new requirement to plan for a sea level rise to 2100. It also emphasises the need to consider the combined effects, such as tides, storm surges, coastal processes, and local conditions, when assessing climate change-related risks.

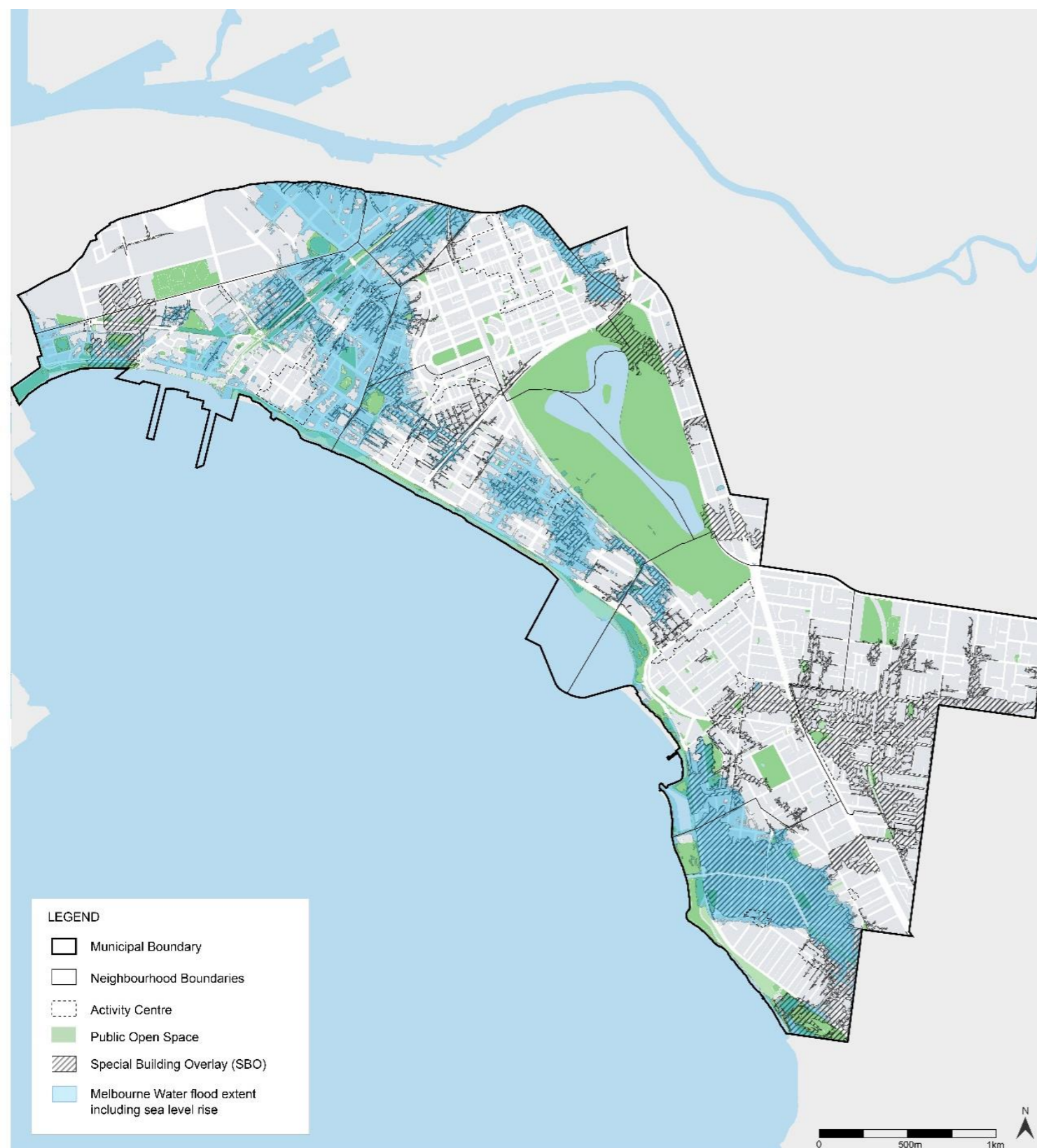
These changes have highlighted more locations vulnerable to flooding when compared to what is currently affected by the SBO, including additional sites either susceptible to flooding or facing an elevated flood risk. This information is not currently reflected in the Planning Scheme.

To assist with the City's consideration of this new benchmark, Melbourne Water has provided Port Phillip with interim flood data and modelling / mapping, The Water Act 1989 and State Planning Policy requires the Port Phillip to use this interim data and mapping for determining flood levels. This modelling is an interim measure while planning scheme amendments are prepared to introduce the new controls into the Port Phillip Planning Scheme to identify land subject to future flooding and to ensure appropriate referrals to Melbourne Water.

In January 2024, the Department of Energy, Environment and Climate Action (DEECA) released the Port Phillip Bay Coastal Hazard Assessment (PPBCHA). This project provides additional and different modelling on coastal erosion, permanent and tidal inundation, and groundwater.

Until Melbourne Water and Council have compressively reviewed the PPBCHA data, Council will continue to rely on the interim Melbourne Water sea level rise data and mapping as the 'best available' to inform statutory and strategic planning process and decisions. This is an interim measure while planning scheme

¹⁴ The SBO is a planning tool designed to identify areas in the Planning Scheme susceptible to overland flooding and to facilitate appropriate development in these areas



amendments are being prepared to introduce the new controls into the Port Phillip Planning Scheme, to ensure appropriate statutory referrals to Melbourne Water. These amendment/s are anticipated to commence in 2024.

Figure 15 (left): Melbourne Water forecast data – Sea Level Rise (1 in 100 yr)

A proactive approach to flood risk mitigation

Flood mitigation can be addressed at the precinct or individual lot scale. Melbourne Water has released the Guidelines for Development in Flood Affected Areas February 2019 to assist with managing the impact of flood risk on our community.

At present, under the direction of Melbourne Water and the State Government, flood risk is managed on a site-by-site basis (e.g. by elevating finished floor levels) and at the precinct level through larger scale flood mitigation measures (e.g. Infrastructure projects to mitigate the impacts of flooding). Managing flood impacts on a site-by-site basis is generally addressed at the planning permit application stage. During this stage, Melbourne Water, as the floodplain manager, provides statutory referral comments on new development, primarily regarding minimum floor levels based on current flood mapping.

At the precinct level, Melbourne Water has provided preliminary guidance for South Melbourne aimed at proactively steering high levels of built form / development density away from areas at elevated risk of flooding, as defined by the safety criteria outlined in the Guidelines for Development in Flood Affected Areas. The Structure Plan is well placed, as a forward-looking strategic planning document, to support flood mitigation efforts in the area including formulating land use policies that consider flood risk.

When determining locations for housing growth, the draft Housing Strategy aligns with State Planning Policy at Clause 13.01-2S of the Port Phillip Planning Scheme. Port Phillip will also follow the guidance from Melbourne Water regarding areas identified with a high flood risk profile (areas exceeding safety criteria in the Guidelines for Development in Flood-Affected Areas, DELWP 2019). Where possible, Port Phillip should avoid intensifying flood risk through increasing the intensity of development and use within flood prone areas. Where development does occur on flood affected land (ie land within the SBO), the risk must be reduced at the property scale. For example, elevating the floors of buildings.

Car parking

Including a car parking space in a residential development can add up to \$50,000 to the cost of each apartment.¹⁵ Minimum car parking requirements can encourage an oversupply of car parking, which results in increased traffic, noise and emissions and a poorer quality urban environment¹⁶. Currently,

¹⁵ P.Hatch, “Kids but no car: Meet one of the rarest families in Melbourne”, The Age, January 4 2023, National Infrastructure Victoria, “Our home choices, How more housing can make better use of Victoria’s infrastructure”, March 2023

¹⁶ Department of Transport and Planning Victoria, Modernising car and bicycle parking requirements, Discussion paper, October 2023

minimum car parking requirements are mandated through Clause 52.06 of the Scheme, which is a state-standard provision that applies the same rates across the state. This does not allow Council to require a reduction to the standard rates to encourage more sustainable development.

Much of Port Phillip is well serviced by public transport in the form of trains, trams and buses. On-site car parking in some areas that are not as well-connected to public or active transport modes and amenities is necessary, but can be improved through access to electric vehicle charging facilities to lessen future emissions. Less onsite car parking is often appropriate in well-connected areas to support Council's commitment to achieve a zero-net emission carbon City.

The Residential Development Framework Plan

WHAT WILL A RESIDENTIAL DEVELOPMENT FRAMEWORK PLAN ACHIEVE?

Identifying housing change areas suitable for different level of growth. It 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

To plan for housing change over 15 years and provide guidance on where new housing should be located in Port Phillip, we have developed a 'Housing Framework Plan' (the Plan). The Plan provides clear spatial direction on locations where housing growth and change should occur, and where it should be restricted. The Victorian planning system seeks a balance between population growth, new development, retention of heritage fabric, neighbourhood character and improved liveability.

The preparation of the plan has considered the following aspects specific to areas at neighbourhood, and sometimes street, level:

- Existing context (e.g. neighbourhood context, existing land use zones and overlays)
- Constraints (e.g. Heritage Overlays, Neighbourhood Character Overlay, environmental considerations such as flooding)
- Opportunities (e.g. Activity Centres, strategic areas and sites, transport accessibility including existing and proposed train station)

The Plan directs growth based around the key locational principles of:

- A majority of new housing is directed to designated locations with the capacity for change and which are located in close proximity to shops, services, public transport and jobs.
- Housing development will be more limited in comparison in the rest of the established residential areas to protect valued heritage and neighbourhood character.

Further details on the draft Residential Development Framework Plan and methodology is outlined in **Part 4**.

Draft Strategies & Actions

Draft Strategy 1 Direct new housing to appropriate locations

Draft Strategy 2 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.

Draft Strategies & Actions

	Draft Action	Role	Timeframe	Lead	Business impact
2.1	Direct new housing to appropriate locations				
2.1.1	Designate land suitable for substantial, moderate, incremental, and minimal change in a Residential Development Framework Plan.	Deliver	Short-term	Lead	Operating budget/ Business as usual
2.1.2	Implement the Residential Framework Plan by including it in the Port Phillip Planning Scheme, updating local planning policy to provide guidance on the appropriate location for new housing, and update residential zones and schedules.	Deliver	Short-term	Lead	Subject to budget in Planning Scheme Amendments Program
2.1.3	Undertake a program of structure planning for Port Phillip's Major Activity Centres (prioritizing St Kilda – Fitzroy Street and Acland Street) and Neighbourhood Activity Centres to guide the appropriate location and form of new housing.	Deliver	Ongoing	Lead	Subject to annual plan and budget
2.1.4	Investigate opportunities for new 'infill' housing within established residential areas proximate (within 800m) to major activity centres, neighbourhood activity centres and existing and future train stations.	Deliver	Medium term	Lead	Operating budget/ Business as usual
2.1.5	Review local planning policy to manage land use conflicts between residential and commercial uses in mixed use environments.	Deliver	Medium	Lead	Operating budget/ Business as usual
2.1.6	Advocate for changes to the on-site parking rates mandated through Clause 52.06 of the Planning Scheme for residential developments in appropriate locations.	Advocacy	Ongoing	Lead	Operating budget/ Business as usual
2.2	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				
2.2.1	Advocate to the Minister for Planning to amend the Port Phillip Planning Scheme to update existing or introduce new planning overlays to ensure new development responds to increased risks associated	Advocacy	Ongoing	Lead	Operating budget/

	with sea level rise and flooding impacts.				Business as usual
2.2.2	Continue to monitor available flood data, work with Melbourne Water and seek their advice on flood risk areas in Port Phillip.	Deliver	Ongoing	Partner	Operating budget/ Business as usual

2.2.3	Update the Housing Framework Plan to reflect the latest 'best available data' for flooding as it becomes available.	Deliver	Ongoing	Lead	Operating budget/ Business as usual
-------	---	---------	---------	------	--

Objective 3: Ensure new housing responds to neighbourhood character and heritage values of established residential areas

Relevant housing need:

- New housing that respects heritage and responds to preferred neighbourhood character.
- Access to a range of housing choices that are well designed, consider the environment, and health and wellbeing (design quality and sustainability).

Key messages

- Port Phillip is a city of neighbourhoods, where every property, public place and piece of infrastructure contributes to establishing a distinct character.
- Neighbourhood character is not static and evolves over time.
- Port Phillip has some of the earliest European settlements in the metropolitan area and our heritage precincts containing many of established residential areas are highly valued by our community.
- Council's heritage policy and guidelines provide guidance to balance future housing growth with heritage significance.
- Respecting heritage does not mean preventing change or limited housing growth. Rather it is about ensuring that new development does not adversely impact upon heritage significance.
- For residential areas outside of our heritage precincts, preferred Neighbourhood Character Statements have been developed and are informed by the Neighbourhood Character Conversations that took place with community in July 2023. These statements will provide guidance to balance future housing growth with character, sustainable development, and community benefit.

What the community told us?

Regardless of where they live, community members told us what they value the most about their neighbourhoods:

- **The village feel** that build on the mix of activities around and the walkability of the street.
- They feel **more welcoming and safer** in spaces designed for a range of activities, where streets that are easy to navigate for people of all ages and abilities, and there is a mix of housing types for different families and lifestyles.
- The **existing eclectic character** came from the diversity in architecture, including the feel and a mix of both contemporary and heritage structures.
- The trees and vegetation in streets, parks, and private gardens. Many recognize greenery not only as the defining visual character of their neighbourhoods, but also see the great environmental benefits from trees and vegetation, from ground level gardens to green walls and roof top gardens. They value the functional aspect of greenery such as reducing water runoff.

When it comes to future opportunities, many community members see the greatest opportunities for improving neighbourhood character as:

- Increasing tree canopy and vegetation coverage
- Maintaining and expanding open spaces
- Having a diverse and high-quality built form that respects and integrates with existing urban form

- Increasing Environmentally Sustainable Design requirements for buildings
- Having diverse housing to cater for a diverse community
- Protect significant heritage buildings and creating new heritage for future generations

Discussion

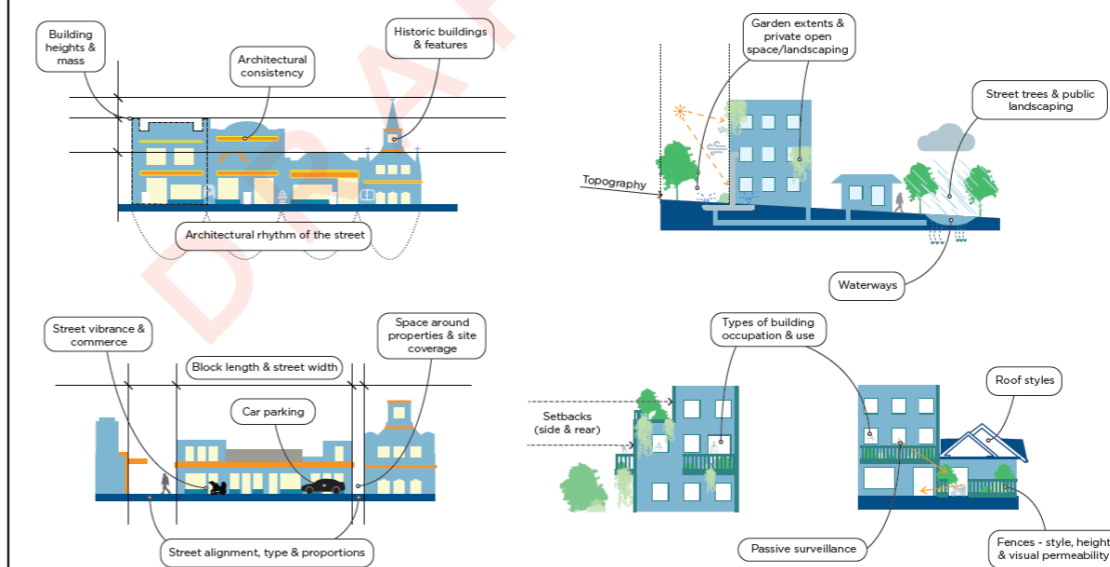
When planning for future housing change and growth, it is crucial to provide clear guidance for preferred built form outcomes. This ensures that new developments can contribute to creating resilient, safe, and inspiring neighbourhoods.

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.¹

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.

Some of the most common physical attributes that define neighbourhood character are identified in the diagram below. These elements are a condensed list of those described in PPN43. 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.



In areas already covered by planning tools such as the Heritage Overlay (HO), Design and Development Overlay (DDO), and Neighbourhood Character Overlay (NCO), the future built form outcomes would continue to be shaped by these controls that would be regularly reviewed to maintain their relevance. For areas not covered by such tools (The Neighbourhood Character Study Focus Area), the future built form

would be guided by preferred character statements that are developed as part of the Neighbourhood character study.

The existing guidance area

The existing guidance area is comprised of established residential areas in our municipality that are already covered by planning controls such as the Heritage Overlay (HO), Neighbourhood Character Overlay (NCO), and Design Development Overlay (DDO). In those residential areas, there is existing guidance on what type of future development might be suitable.

Heritage precincts

The HO affects large swathes of the municipality, as either a place of individual heritage significance or heritage precincts. The Port Phillip Heritage Review (the Heritage Review) forms the framework for Council's approach to heritage and contains Citations for all places of heritage significance in Port Phillip. The Citation and specifically the Statement of Significance is to be read in conjunction with Council's local heritage planning policy and provides guidance on the built form sought in each heritage precinct.

The major heritage overlay precincts affecting our residential areas include:

- HO1 – Port Melbourne
- HO2 – Garden City Housing Estates
- HO5 – St Kilda Hill
- HO6 – St Kilda East
- HO7 – Balaclava, St Kilda, Ripponlea and Elwood (*under review*)
- HO8 – Elwood (Glen Huntly and Ormond Roads, Elwood) (*under review*)

Neighbourhood Character Overlay – Beacon Cove

Five schedules to the NCO were introduced into the Port Phillip Planning Scheme via Amendment C73 (2011) which implemented the planning framework for the residential component of Beacon Cove. The schedules were applied to the low rise residential area in Beacon Cove to control the form of future development to maintain the character of future development, and were prepared having regard to the reference document Beacon Cove Neighbourhood Guidelines, SJB Urban, 2010. Major renewal of these dwellings in the next 20 years is unlikely. Council is satisfied that the application of the NCO on Beacon Cove remains appropriate for the timeframe of the Housing Strategy.

Design and Development Overlay

The Port Phillip Planning Scheme has extensively applied schedules to the Design and Development Overlays across the municipality. The Scheme currently has 29 Design and Development Overlays (DDOs) applying to specific areas, including activity centres, growth areas, coastal areas and specific sites. DDO's apply specific requirements to the design and built form of development. They should include design objectives, and typically address built form matters including building heights, setbacks and overshadowing.

The existing guidance is regularly reviewed as part of Council's ongoing strategic planning work program. Council also continuously review DDOs, as place based strategic work is undertaken. For example, Council is currently reviewing DDO8 (South Melbourne Central) as part of the South Melbourne Structure Plan work.

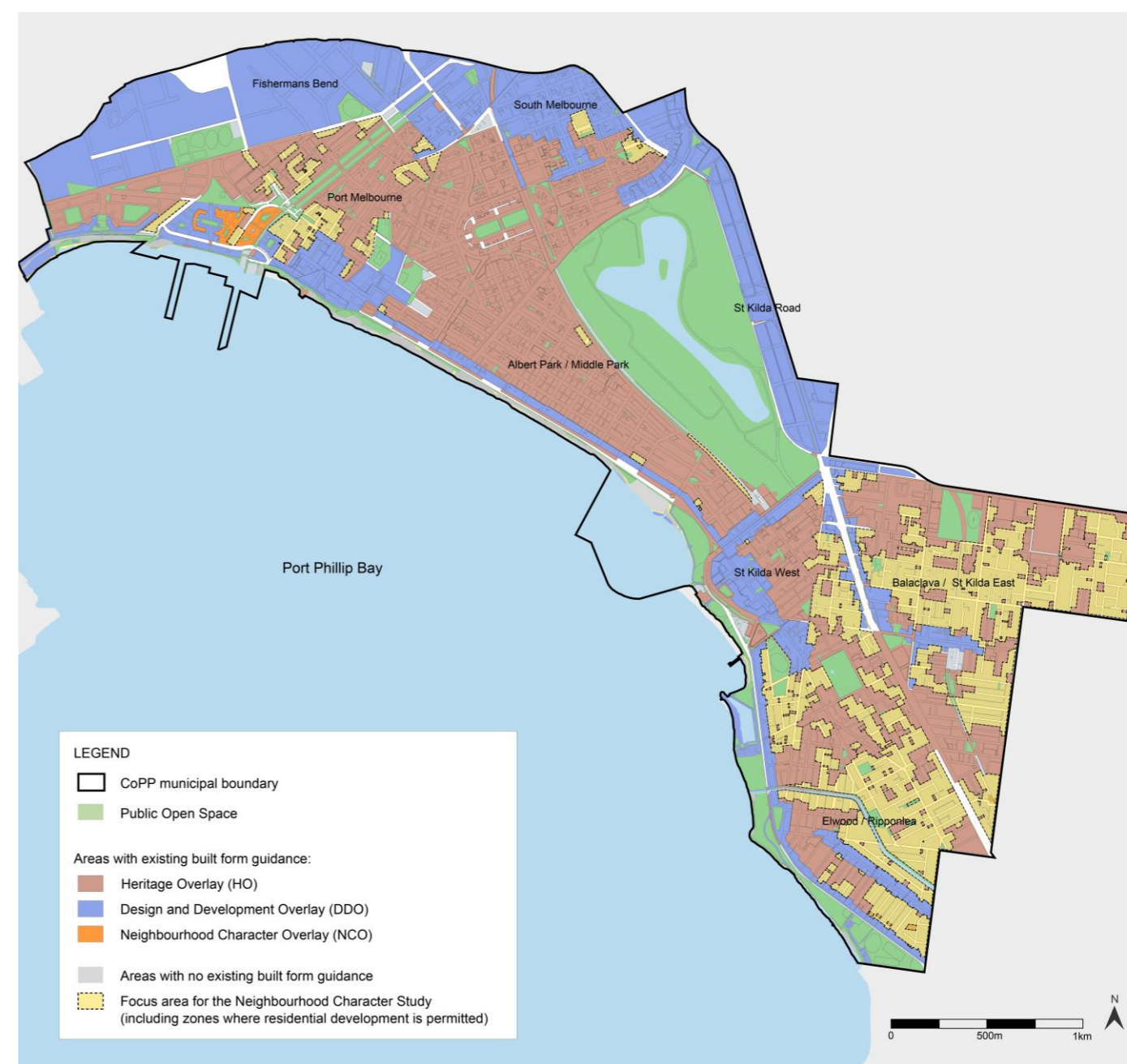
This Strategy will contribute towards revising our residential, design and neighbourhood character policies and controls. However, changes are not proposed to heritage policy or above overlays as part of the Housing Strategy.

The Neighbourhood Character Study Focus area

The Neighbourhood Character Study focus area consists of residential areas where no specific built form or heritage controls currently apply. This study area is predominately concentrated in the south of CoPP (Elwood and Ripponlea, Balaclava and St Kilda East, St Kilda and St Kilda West), and Port Melbourne. In addition, there are also some sites in Albert Park and Middle Park and South Melbourne.

For the focus area, the NCS identify valued existing neighbourhood character elements and preferred future character. The study was prepared by external technical experts in consultation with community.

Figure 16: Neighbourhood Character Study Focus Area & Existing guidance area

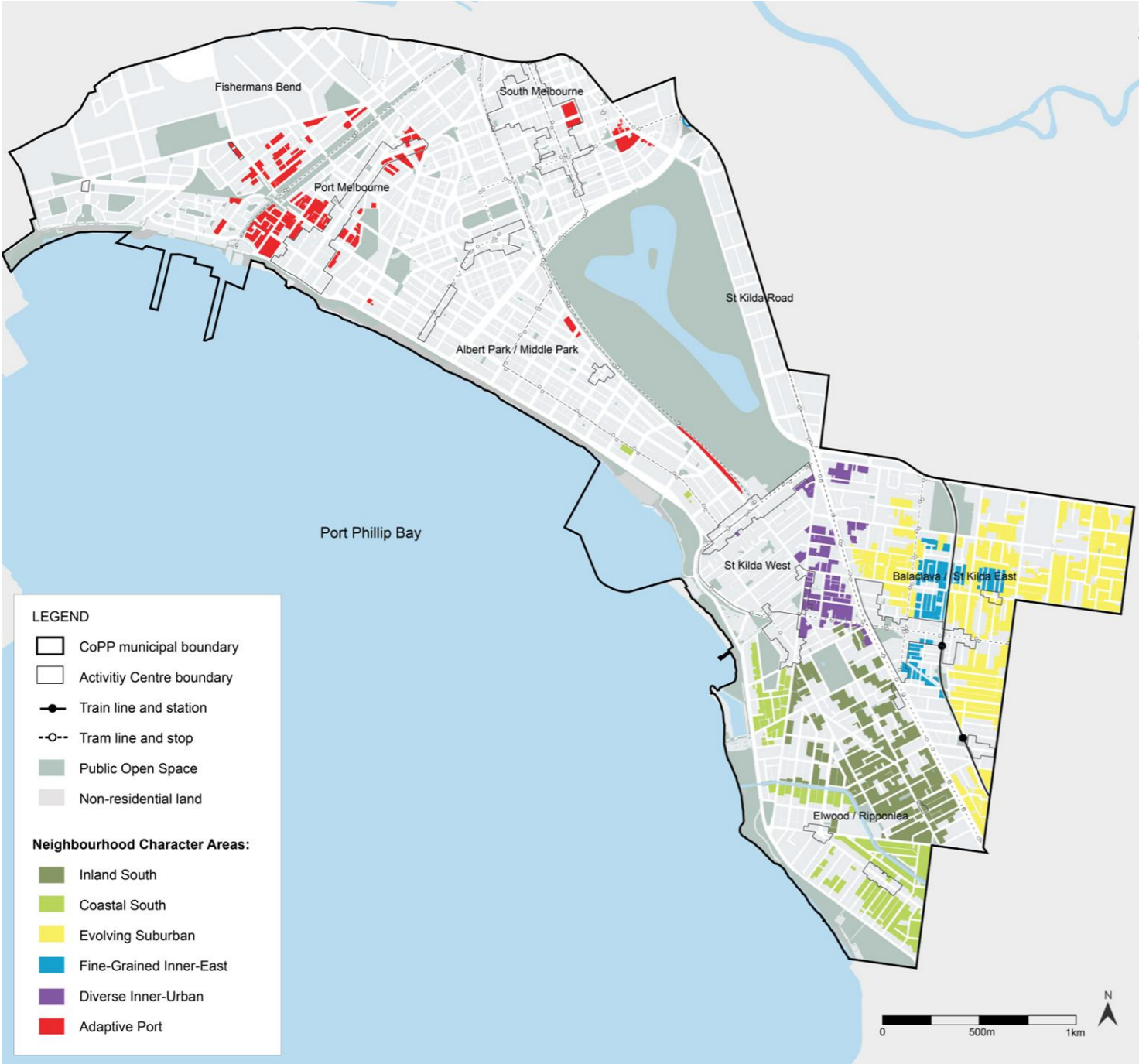


The Focus area – Preferred Character Statements

The preferred future neighbourhood character statement is developed, based on desk top analysis, street survey, and importantly community input to guide future development.

The statements aim to reflect the valued features and characteristics of an area but also be ‘forward-looking’ to ensure contemporary housing needs are being met. The preferred character statements will inform new design objectives, standards and requirements for the Planning Scheme including objectives and requirements in the schedules to the residential zones.

When appropriate, these statements might shape the future development in residential areas by specifying preferred minimum street setbacks, site coverage, landscaping, front fence height, and other design elements that contribute to the desired character. This then ensures that new developments align with the intended character of the neighbourhood, contributing to the overall housing vision we set up in this strategy.



INLAND SOUTH

Elwood and southern St Kilda form a green and leafy character area that is driven by high-quality landscaping, low and visually permeable fence lines, as well as mature street trees and vegetated verges within the public realm.

The lush nature of the area is enhanced by mature canopy trees within private lots and generous gardens with a variety of shrubs, grasses and groundcovers, which tie into surrounding natural elements such as the Elsternwick Creek and Yalukit Willam Nature Reserve, St Kilda Botanical Gardens and the coastline.

Development in the area will be a mix of architectural styles and typologies, including single dwellings, townhouses, and apartments. The variation in styles and typologies will be united by a careful material palette to help create cohesive streetscapes. The dark red bricks and terracotta tiles of Californian bungalows, timber detailing of Victorian cottages, cream brick of post-war apartment blocks and rendered stairways and arches of Spanish Mission and Art Deco apartments are all valued existing elements that will inspire contemporary responses in highly sustainable built form outcomes.

Car access will be prioritised from rear laneways wherever possible, and where access is off a primary street, vehicle storage will be positioned behind the building line to minimise visual impact and accentuate the visibility of landscaping. Landscaping buffers between constructed driveways and side boundaries will minimise the visual impact of parallel driveways and protect the desirable spacious and green nature of the neighbourhood.

COASTAL SOUTH

Coastal Elwood & St Kilda are highly landscaped with unique references to the coastal proximity through durable and light material palette and native coastal plant species. High-quality landscaping, low fence lines and vegetated verges within the public realm will enhance the sun-kissed and airy character of the area.

Development in the area will be a mix of architectural styles and typologies, including single dwellings, townhouses, and apartments.

Mature, valued vegetation will be protected and retained where possible, and a landscape character reflective of the local context will incorporate indigenous coastal plants, supporting a connection to and sense of place. Low-lying coastal scrub vegetation will encourage visual permeability throughout the neighbourhood and give a powerful visual identity to the area, tying it to its valued coastline.

Along with landscaping character, the architecture of the neighbourhood will subtly reference connection to the coast through a robust, natural, light, and textural material palette. Low fences and landscaped front, rear and side boundaries will support public and private interaction, creating safe and comfortable streets.

Dwelling facades will consider the threat of flood damage and finished ground floor levels will be raised to reduce the impact of potential inundation in the future. Secondary frontages along waterways and/or oriented towards the coast will feature windows and balconies to reinforce important views and connection to streets and waterways. Landscape on walls and rooftops will be encouraged, supporting a strong and connected landscape integrated into the built form.

<p>EVOLVING SUBURBAN</p> <p><i>An eclectic area with a community focus, built form varies from smaller single dwellings to townhouses and apartments supporting a self-sufficient inner-suburban neighbourhood that thrives with local activity and dwelling diversity.</i></p> <p><i>Architectural style and materiality is diverse but consistent in its delivery of robust and high-quality outcomes that build upon the existing flat front facades, orthogonal building massing, and common use of brick. Large, deep lots with medium side and front setbacks will ensure a coarse-grained spacious and calm feel as the area develops.</i></p> <p><i>Upper levels of buildings are designed to provide diversity in the skyline, avoiding a monotonous, single-height roofline, providing both visual interest and allowing for air and natural light to penetrate through the streetscape.</i></p> <p><i>Safe and engaging streets are created through the delivery of human-scaled and diverse dwellings oriented towards the street with visible entrances, articulated front facades and interaction with the street from verandahs, balconies, and other habitable spaces.</i></p> <p><i>Enhanced landscaping and canopy coverage in the private and public realms creates green streetscapes and reduces urban heat. Canopy trees dominate the streetscape and valued mature vegetation is prominent. Vehicle cross-overs are minimised and where possible provided from rear laneways, promoting safe pedestrian pathways. Low and permeable front fences, that may incorporate planting, enhance the green image of this inner-suburban neighbourhood.</i></p>	<p>FINE-GRAINED INNER-EAST</p> <p><i>This low-lying, tightly packed pocket is an intimate, human-scaled character area. Fine-grained streets of narrow lots with attached single-storey weatherboard workers cottages inform a feeling of enclosure that is reinforced by narrower streets, small building setbacks, thin footpaths, street verges and smaller public landscaping. The large cobblestone gutters further reduce the visible street width and give this area a ‘back-street’ laneway feeling that enhances its quiet and approachable character.</i></p> <p><i>Future development will allow light and visual access to the street, permitting with verandahs and front porch social spaces encouraging interaction between dwellings & creating a welcoming, safe neighbourhood with evident passive surveillance.</i></p> <p><i>Permeable and low front fencing will ensure dwellings engage with the streetscape and encourage interaction between neighbours to further emphasise the human scale of this character area.</i></p> <p><i>This area will have high site coverage due to the narrow, short lot sizes and lack of front or side setbacks. As such, roof gardens, green walls and planting along fence lines will be crucial to provide biodiversity, habitat and connection to nature whilst also reducing the urban heat island of this tightly packed inner-suburb pockets.</i></p>	<p>DIVERSE INNER - URBAN</p> <p><i>With remarkable variation in building form, era and scale, this area offers an inner urban character with the potential for excellent diversity and flexibility in its built form. With a distinctive array of rooflines, façade arrangements, street orientations and material choices, this neighbourhood showcases adaptable, innovative and environmentally sensitive design. The prevalent material palette leans towards modernity, incorporating elements such as steel structures, aluminium framing, timber, exposed concrete, and pockets of brickwork.</i></p> <p><i>Side setbacks are generally small or non-existent, while front setbacks differ creating variation within the character area allowing for flexible new development. With the area’s proximity to – and views of – the Melbourne CBD presents a strategic location for future growth in areas identified for moderate and substantial housing growth. The neighbourhood is dynamic and lively, celebrating its artistic and creative heritage through distinctive, adaptable, and forward-looking architecture.</i></p> <p><i>Landscape will be interwoven with the architecture through fence line planter boxes, balcony, rooftop and wall gardens with canopy trees providing essential shade. These planting elements soften the built form of the area and ensure there is a biodiversity connection between the coast, Albert Park Lake, and the leafy inner suburbs further east. Permeable fences improve visual access onto front gardens enhancing the feeling of safety through passive surveillance.</i></p>	<p>ADAPTIVE PORT</p> <p><i>This area will combine high-density, adaptable development with a consistent building mass, profile, and materiality. The built form will feature orthogonal dwellings with flat facades that often extend to the front boundary, creating a noticeable street wall uniformity. Side setbacks will be consistent and small or non-existent, which fosters a cohesive rhythm along the streetscape.</i></p> <p><i>The essence of the neighbourhood’s character lies in its industrial heritage combined with modern coastal living. New development will be innovative and flexible, responding to each unique site.</i></p> <p><i>Despite the built form diversity, a commonality will be formed by small to non-existent setbacks, robust street walls, engaging rooflines and a unique semi-industrial material palette. A visual identity is formed by referencing building profile, materiality, scale and rhythm of the area’s working class architectural typologies; warehouses, bank houses, cottages, and wrought-iron terraces.</i></p> <p><i>Development will embrace best-practice environmentally sensitive design and incorporate planting into fences and facades. Landscaping on shared and private rooftop gardens will be visible across the roofline.</i></p> <p><i>With high-density living anticipated, addressing challenges such as limited private greenspace, high impermeable surfaces and climate change-induced weather extremes is crucial and may require interventions in the public realm. Flood risk will also be factored into the construction and materiality of building facades, and raised finished ground floor levels will reduce the risk of damage from inundation. Increased landscaping and Water Sensitive Urban Design (WSUD) initiatives such as rain gardens, particularly featuring native coastal vegetation, will be an important part of achieving this neighbourhood’s resilient future character and visual identity.</i></p>
--	---	--	--

Strategies & Actions

Strategies & Actions		Role	Timeframe	Lead / Partner	Business impact
3.1	Reinforce highly valued existing neighbourhood character and heritage elements that contribute to Port Phillip's unique neighbourhood identity.				
3.1.1	Review and update the Port Phillip Planning Scheme to implement the Neighbourhood Character Study and Preferred Character Statements by updating local planning policy and making changes to residential zone schedules.	Deliver	Short – Medium term	Lead	Subject to annual plan and budget

3.1.2	Continue to review heritage controls to ensure application of the HO and relevant documentation is up to date.	Deliver	Ongoing	Lead	Subject to annual plan and budget
3.1.3	Protect significant trees and vegetations in private realm that are valued by communities via suitable planning tools	Deliver	Short – Medium term	Lead	Subject to annual plan and budget
3.1.4	Develop design (including vegetation) guidelines for developments for new residential developments to facilitate desirable built form outcomes, and innovative and resilient landscapes in the private realm.	Deliver	Short – Medium term	Lead	Subject to annual plan and budget

Objective 4: Encourage a range of housing options to support our diverse community.

Relevant housing need

Ensuring access to housing choices that are fit for purpose for people at different life stages and of varied abilities and needs.

Key messages

- Diverse and accessible housing choices are important to support and cater for our diverse and changing community.
- The range of housing choices available in our city will impact on the social makeup of our community.
- While there is a sufficient supply of housing in Port Phillip there is a lack of diversity in the housing being built.

What the community told us

So far, a significant number of those who participated in Phase 2 engagement on the Discussion Paper found it difficult to find suitable housing in our city. This was mainly due to concerns about housing affordability and a lack of diversity in the housing market. We found that renters prioritised affordable housing choices, housing diversity and accessibility, and showed greater interest in upsizing.

*‘For families looking to move into the area and have space for kids, it can be quite expensive’ –
Community member*

Change in living arrangements was the most common reason people cited for moving out of their current home. We also heard that in the future, most of our community would like to see housing that accommodates diverse housing needs.

Discussion

Housing diversity refers to the mix of different housing options. This can include a range of housing types such as apartments, townhouses, and separate houses. It can also include housing of varied sizes (number of bedrooms), design, layouts, and tenure.

Housing diversity in Port Phillip

One of the biggest challenges we face in Port Phillip is the limited choice of housing types available to our community. For example, the majority (66.8 per cent) of dwellings in our city have two or less bedrooms. 55.5 per cent of dwellings in our city are high density apartments (above 3 storeys), with less than 8 per cent of dwellings in our city are separate houses.

The lack of diverse housing choices means that as people’s lifestyles change – as they opt to work from home, start families, become empty nesters– they may have to move out of Port Phillip to find housing that meets their needs. Due to the land cost, it is unlikely that there will be many single dwellings on a lot built in Port Phillip in the future. Given this, it is important that alternative family housing solutions are available. A diversity of apartment types, locations and price points will be needed across our city to satisfy different market segments and life stages, accommodate population growth, provide opportunity for movement within the housing market, and provide for diverse and vibrant communities.

In Port Phillip we need more diverse housing choices, particularly larger dwellings in new apartment developments to accommodate families and various other life stages. There are already state planning provisions (cl 58.02-3 & 55.02-3 Dwelling diversity objective) in the Port Phillip planning scheme that encourage a range of dwelling sizes and types in developments of ten or more dwellings. The local planning policy applying to the Fishermans Bend Urban Renewal Area aims to facilitate housing diversity by encouraging new development of 100 dwellings or more to provide a certain percentage of three-bedroom dwellings¹⁷.

The 2018 *Port Phillip Planning Scheme Review Audit Report*¹⁸ recommended that Council should consider identifying acceptable ratios of housing diversity, particularly for key housing growth areas. For example, this could take the form of a policy encouraging minimum percentage of 3-bedroom dwellings in a new development that has more than 10 dwellings.

We want Port Phillip to remain diverse and inclusive into the future. The availability of diverse housing choices for a diverse community is an important element in realising this future.

Facilitating housing diversity – recent planning scheme changes

The Victorian Government have made recent changes to planning schemes under the ‘Victorian Housing Statement’ which make it easier to get approvals for different types of housing, this includes:

- *Amendment VC243* - The amendment which came into effect in October 2023, aims to facilitate housing supply and diversity by removing permit requirements to construct or extend a single dwelling on a lot that is 300sqm or bigger.
- *Amendment VC253* - which came into effect in December 2023, and will help facilitate the construction of small second dwellings at the rear of existing dwellings such as ‘granny flats’. These small second dwellings, up to 60m² in size, were previously only able to be constructed for dependents, such as grandparents. The amendment will allow their construction on a lot that is 300sqm or larger without the need for a planning permit.

In the Port Phillip context, a potential 16,000 lots (approximately) could be impacted by VC253. The easing of planning requirements may help to facilitate small scale infill developments such as granny-flats, or alterations and additions to single houses, to provide accommodation for larger household types and multigenerational households.

¹⁷ Policy guidelines at Clause 11.03-6L-04 FBURA specifies the following percentages of three-bedroom dwellings for developments of more than 100 dwellings: Montague: 25 per cent; Sandridge: 20 per cent ; Wirraway: 30 per cent

¹⁸ Port Phillip Planning Scheme Review Audit Report 2018, pg 127

Planning for more inclusive housing - dwelling accessibility

Dwelling accessibility is the overall design and layout of a home, and ensuring it meets the needs of any occupant. It might include designing or modifying homes to include accessibility features such as ramps, elevators, wider doorways to make the spaces more accessible to people with disabilities or temporary mobility difficulties. Accessible housing often provides kitchen, living, bathroom and bedroom on the same floor.

There are many Port Phillip residents who are able to live independently without assistance but have mobility challenges brought about for many reasons including old age. As the number of people aged 75 and over is projected to increase over the next 15 years, it becomes more likely that every home will be required to respond to the needs of a person with a physical limitation. Families with young children and people with temporary injuries also have mobility challenges in dwellings that are not adequately designed to allow for easy accessibility for people using prams, wheelchairs and mobility aids. Homes of the future should be designed to allow for better access and movement to support occupants at different life stages and of varied abilities and needs.

Universal design

To create an inclusive and accommodating living environment, it is important to prioritise the design of apartments to be accessible and suitable for residents throughout their lifetime. This can be achieved by incorporating the seven principles of Universal Design into the planning and construction processes:

1. **Equitable use** – the design is useful and marketable to people with diverse abilities.
2. **Flexibility in use** – the design accommodates a wide range of individual preferences and abilities.
3. **Simple and intuitive use** – use of the design is easy to understand, regardless of the user's experience, knowledge, language skill, or current concentration level.
4. **Perceptible information** – the design communicates necessary information effectively to the user, regardless of ambient conditions or the user's sensory abilities
5. **Tolerance of error** – the design minimizes hazards and the adverse consequences of accidental or unintended actions.
6. **Low physical effort** – the design can be used efficiently and comfortably and with a minimum of fatigue.
7. **Size and space for approach and use** – appropriate size and space is provided for approach, reach, manipulation, and use regardless of user's body size, posture, or mobility.

Gold Level Liveable Housing Design standards

Council acknowledge and welcomes the work of the National Construction Codes Board in amending the National Construction Code (**NCC**) to adopt the Silver Level Liveable Housing Design standards for all new dwellings. However, Council advocates for amending the NCC to help achieve a Gold Level Liveable Housing Design standards for all housing, including affordable and social housing. Gold Level standards will ensure that kitchens and laundries are accessible and adaptable, there is a bedroom space on the ground level, light switches and power points are accessible, and doors are easily openable for persons with a disability.

Currently, universal access in the design of apartment developments over four storeys is encouraged by the Planning Scheme for new apartments through Clause 58.05. However, the minimum standards for design construction of all types of dwellings are provided by the National Construction Code. As planning approval for a development is sought prior to building approval, there is an opportunity for Council to promote accessible dwellings by encouraging applicants to incorporate accessibility into the early stages of

design for all dwelling types that require a planning permit, through the Planning Scheme.

Planning for an ageing population

Ageing in place in secure housing or other accommodation is fundamental for health and wellbeing. In addition, people prefer to remain in their local community as they age.

Compared to Greater Melbourne, older residents in Port Phillip are more likely to be renting, living in a flat or apartment and living alone. A person may choose to relocate to an apartment for many reasons including financial factors, health issues, experiences of family violence, death of a spouse, lifestyle change or wanting to downsize.

Being able to age in place was a key theme identified by the City of Port Phillip *Positive Ageing Policy* survey respondents. As such, a key goal of the *Positive Ageing Policy* is to enable secure, affordable, and accessible housing enables people to 'age in place'. This means creating housing that is appropriate for every day needs and close to transport, shops and services allows older residents to live independently. To support this, new housing in our city will need to be easy to navigate, capable of cost-effective adaptation, and responsive to the changing needs of occupants.

Local Residential Aged Care Facilities

While we support and encourage more housing that allows people to grow old at home, we also recognise that it can be necessary for a person to relocate to a residential aged care facility to receive adequate care and support when independent living is no longer possible. As our ageing population continues to grow, there will be an increasing need for residential aged care facilities. Additionally, it is also important to facilitate an increase in the diversity of aged care models so there is a greater range of options available.

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. The local planning policy relating to aged care facilities can be further reviewed to strengthen and facilitate the delivery of more residential aged care facilities.

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. The use of land for residential aged care is supported in all residential zones and the Commercial 1 Zone as well as the Comprehensive Development Zone. Currently, the Port Phillip Planning Scheme encourages locating and designing residential aged care facilities and older persons housing to integrate with local communities.

Draft Strategies & Actions

Draft Strategy 1- Encourage residential development with a range of dwelling typologies and sizes (bedroom mix).

Draft Strategy 2 – Encourage all residential development to incorporate design features that provide accessibility and adaptability to people of all ability.

	Draft Action	Role	Timeframe	Lead	Business impact
4.1	Encourage residential development with a range of dwelling typologies and sizes (bedroom mix)				
4.1.1	Implement the <i>Residential Development Framework Plan</i> to achieve a diverse range of housing options.	Deliver	Short-medium	Council	Operating budget/ Business as usual
4.1.2	Introduce minimum bedroom number ratios for major housing developments (of 10 dwellings or more).	Deliver	Short – medium	Lead	Operating budget/ Business as usual
4.1.3	Support extensions to existing dwellings to provide accommodation for larger household types and multigenerational households.	Deliver	On-going	Lead	Operating budget/ Business as usual
4.1.4	Support the provision of residential aged care facilities within or close to services, jobs, public transport and activity centres and precincts.	Deliver	On-going	Lead	Operating budget/ Business as usual
4.2	Encourage all residential development to incorporate design features that provide accessibility and adaptability to people of all ability				

4.2.1	Advocate for State Government to amend the National Construction Code to require Gold Level accessibility standards for all new residential development.	Advocacy	On-going	Lead	Operating budget/ Business as usual
4.2.2	Advocate for State Government to address the following gaps in <i>Apartment Design Guidelines for Victoria</i> to improve the liveability and design of apartments: <ul style="list-style-type: none"> Additional Gold Level¹⁹ 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 bathroom) to allow buildings to accommodate a diverse range of lifestyle needs. 	Advocacy	On-going	Lead	Operating budget/ Business as usual
4.2.3	Develop a design guideline document and supporting factsheets based on <i>Liveable Housing Design Guidelines (2012)</i> to promote accessible design, for use by the private sector and Council officers.	Deliver	Short to Medium term	Lead	Subject to future budget bid

¹⁹ As specified in Gold Level Liveable Housing Design Standards

Objective 5: Support new housing that is well-designed and resilient to the impacts of climate change

Relevant housing need:

Access to housing choices that are well-designed, consider the environment as well as health and wellbeing of occupants.

Key messages:

- There is an opportunity to encourage low, medium, and high-density development, which achieves good quality, amenity, and sustainability outcomes.

What the community told us

Housing design quality (access to well-designed and energy-efficient housing) was identified as the most significant housing need.

‘It is mostly apartment living, and the new ones are really small. It is also quite expensive. In saying that, there are some very nice places to live in Port Phillip’ – Community member

‘An increase in the supply of quality infill / medium density housing. This can be done as build to sell or built to rent – quality and sustainability is important and ensures that adaptive, diverse housing options are priced...’ – Community member

Discussion

Design quality

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

The lack of land available for development of new separate houses means that apartments will continue to be the predominant housing type in Port Phillip. Therefore, 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 Victorian Government’s *Apartment Design Guidelines for Victoria*²⁰ (the Guidelines) provides standards to improve apartment design in Victoria. The standards address building design elements such as siting and building arrangement, building performance (noise impacts, energy efficiency etc.) and dwelling amenity. These standards are in the *Victoria Planning Provisions* and the Port Phillip Planning Scheme at Clauses 55.07 and Clause 58. To improve the quality and liveability of future apartments in Port Phillip, additional guidance is required to:

- Ensure that small apartments have a high standard of amenity through minimum sizes and/or

²⁰ *Apartment Design Guidelines for Victoria* (Department of Land, Water and Planning, 2021)

Recent planning policy changes

Future Homes

The Future Homes project makes designs for high-quality three storey apartment developments developed by the Department of Transport and Planning with the Office of the Victorian Architect available for purchase by development proponents. To use the designs, applications must meet certain criteria. (Future Homes , 2023)

In September 2023, the Victorian Government implemented the Future Homes project across Victoria by introducing a new clause 53.24 (Future Homes) into the Victoria Planning Provisions (VPP) and all planning schemes via amendment VC243. The provision applies to all General Residential Zoned (GRZ) land within 800 metres of a train station, or 800 metres of a designated activity centre. The purpose of the new provision is to facilitate apartment developments that incorporate exemplar designs, increase density and diversity of housing, and are exemplary in their design, liveability and sustainability.

Clause 53.24 includes development standards which specifies (among other things):

- environmentally sustainable design requirements for new development
- requirements for accessibility standards
- minimum requirements for bedroom and living area dimensions.

layouts.

- Provide a clear and quantifiable definition of adequate daylight in apartments and guidance to maximise sunlight access.
- Provide a minimum interface distance between buildings.

Support quality design in Build to Rent products

With almost half our City (49 per cent) being renters, it is important that there are also diverse housing choices available for rent. This may include housing models such as build-to-rent (BTR) housing. BTR is an emerging approach to residential housing where properties in a residential development are specifically designed and built for the purpose to hold for rental over the long term, generally facilitated by having a corporation as a landlord for the development. It has the potential to increase rental supply, the diversity of housing choice and mix and provide for an increase in long-term rental options²¹

While BTR products have the potential to provide housing diversity, an emerging issue in this field is the provision (or lack of) for internal amenity (small apartment sizes, no balconies, poor internal layout etc) associated with this type of housing where dispensation is offered due to communal amenities provided. One of the reasons for this is due to the lack of clarity in the planning scheme around the parameters that need to be considered when assessing BTR applications. It is important to recognise that BTR developments are a type of dwelling and therefore the same set of considerations that apply to other residential development should apply.

²¹ Build to Rent Working Group – Report to the Treasurer and Minister for Planning, Department of Treasury and Finance Victoria, pg 2 ([Microsoft Word - For DTF Website -131021 - BTR Working Group - Report to Treasurer and Minister for Planning - Final.DOCX](#))

If BTR development is being considered, it is important to ensure that there is a strong focus on quality of construction, design and amenity. In particular, the same set of the apartment design standards (this being Apartment Design Guidelines for Victoria) should be applied to BTR development to facilitate a potential future change of tenure, such as rent to buy.



Sustainable Housing

In 2020, a third of emissions in our City came from residential uses (a combination of electricity, gas, and waste)²². Attaining 'zero-net emissions' across Port Phillip is a key part of our climate change mitigation response.

The current suite of Environmentally Sustainable Development (ESD) 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 ESD for development and encourages a move towards net zero carbon development. Council's sustainable environment strategy *Act and Adapt: Sustainable Environment Strategy 2023-28* includes a goal for a City with lower carbon emissions by committing to a

zero-net carbon emissions target by 2028. Additionally, the updated *City of Port Phillip Sustainable Design Strategy* will also address Council's commitment to achieving zero-net emissions.

The early integration of net zero-carbon elements into the design of a new 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 through a reduction on reliance on gas and electricity to power homes, reduce greenhouse gas emissions, and reduce detrimental 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.

There is a high proportion of existing housing stock in Port Phillip that will not significantly change over the term of the Housing Strategy. Given this, Council will investigate ways to support residents to retrofit their homes through improvements to thermal comfort and air quality in their homes and to implement climate change adaptation strategies. Whilst this can be challenging in the context of the heritage overlay which applies extensively in Port Phillip, it does not prevent sustainable measures being incorporated.

This will include investigating ways of ensuring the planning framework supports these retrofitting measures, rather than creating barriers to adaptation. Additionally, it is important to encourage applicants to consider integrating sustainable design measures when making additions and extensions to dwellings.

Increase greening and permeability in housing development

The Port Phillip community has consistently raised greening as a major priority for the city. This emphasis is driven not only by the aesthetic value of green spaces and their contribution to local neighbourhood character but also by their role in supporting biodiversity and mitigating the impacts of a changing climate.

However, despite this emphasis, over the past 10 years, as the city has continued to grow and densify, tree canopy cover on private land has decreased by about 1%, while the canopy cover in the public realm has slightly increased²³. Some of the most notable canopy loss has occurred along St Kilda Road and in the suburbs of St Kilda, Balaclava, Ripponlea and Elwood. This loss can be partly attributed to development pressure and the lack of vegetation protection such as Environmental Significance Overlays (ESOs) or Vegetation Protection Orders (VPOs).²⁴

Loss of permeable surface is another challenging issue the city is facing. Permeable Surfaces, include garden beds, lawn, green roofs and other unsealed surfaces, allow water to be absorbed into the soil and either returned to the atmosphere through evaporation and plant transpiration or infiltrated into groundwater. These surfaces provide a multitude of social, economic, and environmental benefits for our city, from flood protection and stormwater quality improvement to greening, cooling, and habitat preservation.

Improving permeability outcomes within private space is particularly important for a highly urbanised environment such as Port Phillip where permeability in the private realm is already very low²⁵, and where

²² Snapshot, Port Phillip 2020 (online) [Port Phillip, VIC :: Snapshot \(snapshotclimate.com.au\)](https://snapshotclimate.com.au) accessed 21 September 2023

²³ City of Port Phillip, 2023, Urban Forest Strategy 2024 Background and Benchmarking Report Executive Summary, [Executive Summary Background and Benchmarking Report.pdf \(amazonaws.com\)](https://www.amazonaws.com)

²⁴ City of Port Phillip, 2022, Protecting Vegetation in the private realm Discussion Paper and Options.

²⁵ City of Port Phillip, 2022, Permeability in the private realm final report.

flooding is a major threat. The planning scheme already outlines strategies and controls to retain and protect significant trees and require landscaping treatment measures such as permeable landscaping and alternative greens. In addition, the housing strategy proposes actions aligned with other new council strategies, such as the draft Urban Forest Strategy 2024 and the Act and Adapt Sustainable Environment Strategy 2023-28, to encourage the provision of canopy trees, deep soil, and overall greening as important means to increase permeability and greening in private development.

Draft Strategies & Actions

Draft Strategy 1 Encourage new apartment buildings to be well-designed, liveable and provide high level of internal and external amenity.

Draft Strategy 2 Encourage the sustainable design and construction of new housing

	Draft Action	Role	Timeframe	Lead	Business Impact
5.1	Encourage new apartment buildings to be well-designed, liveable and provide high level of internal and external amenity.				
5.1.1	Advocate for the State Government for improvements to <i>Apartment Design Guidelines for Victoria</i> to address known gaps in the areas of climate resilience and sustainable design.	Advocacy	Ongoing	Lead	Operating budget/ Business as usual
5.1.2	Review local planning policy on building design, including for built-to-rent.	Deliver	Medium term	Lead	Operating budget/ Business as usual
5.1.3	Continue Council's Good Design Program including: <ul style="list-style-type: none">Annual Design and Development AwardsDeveloping guidance on good design to improve design quality of low, medium, and higher density housing development.	Deliver	Ongoing	Lead	Subject to future budget bid
5.2	Encourage the sustainable design and construction of new housing				
5.2.1	Support ongoing improvements to Environmentally Sustainable Development (ESD) standards and sustainability outcomes, including continued advocacy to the State Government to authorise the	Advocacy	Ongoing	Partner	Operating budget/ Business as usual

	preparation of the Elevating ESD Targets Planning Scheme amendment.				
5.2.2	Facilitate increase of canopy trees, and other type of innovative and resilient urban greenery in private developments via planning tools.	Deliver	Medium term	Lead	Subject to annual plan and budget
5.2.3	Develop new guidelines to assist implementation of new ESD planning provisions.	Deliver	Ongoing	Lead	Operating budget/ Business as usual
5.2.4	Investigate new permeability requirements for residential development.	Deliver	Medium term	Lead	Subject to annual plan and budget

Objective 6: Facilitate the provision of more affordable housing

Relevant housing need:

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 for sustainable, inclusive, and productive communities. Any person could become homeless or need affordable rental housing at different periods during their lifetime.
- The City of Port Phillip has a long history of commitment to increasing the level of affordable housing available in the municipality.
- The *In Our Backyard – Growing Affordable Housing In Port Phillip 2015-2025 (IOBY)*²⁶ strategy represents Council's overall vision for Affordable Housing. The Housing Strategy will help implement the In Our Backyard Strategy through planning tools.
- To facilitate the provision of affordable housing in Port Phillip, the draft Housing strategy proposes an affordable housing policy that contains:
 - 10 per cent of new dwellings in future developments should be affordable housing.
 - The proposed target aligns with Housing Assistance Need: 10 per cent of all households in Port Phillip are in severe or moderate rental housing stress.
 - The 10 per cent target is not a mandatory requirement. This is because local government cannot impose mandatory affordable housing target under the current state policy framework.

Helping implement *In Our Backyard*

The Affordable Housing Study (through the new Housing Strategy) will help implement *In Our Backyard – Growing Affordable Housing in Port Phillip 2015 – 2025*.

This aims to increase the supply of social and affordable housing, and does this through:

- Policy 1: Contribution of cash and land / air space
- Policy 2: Divesting surplus Council property assets
- Policy 3: Facilitating partnerships with the Victorian Government and facilitating partnerships for the renewal of other social housing assets
- Policy 4: Facilitating leverage of existing Port Phillip Housing Trust assets by HousingFirst.
- **Policy 5: More effective use of the Victorian Planning System**
- Policy 6 - Facilitation and brokerage of projects proposed by others
- Policy 7 - Applied research - investigation of new housing models to address broadened housing need and more effectively support the delivery of social and affordable housing.

Review of In Our Backyard will be a separate process.

What the community told us?

Members of the community, via phase 1 & 2 engagement told us:

- Finding suitable and affordable housing in Port Phillip becomes increasingly difficult as years pass. This is a common experience for both homeowners and renters.
- The Housing Strategy should place a greater emphasis on both affordable and social housing.
- The City of Port Phillip has the potential to be a leader in providing community and affordable housing, building on its strong history in this area.
- Council should explore innovative solutions to facilitate more affordable housing that also contributes to preferred neighbourhood character.

"I have lived here for over 40 years and seen housing in Port Phillip become less and less affordable." Anonymous community member

Discussion

Housing affordability and affordable housing

'Affordable housing' is a concept related, but different, to 'housing affordability'.

Housing affordability is relative to income level and focusses on the relationship between expenditure on housing (prices, mortgage payments or rents) and household incomes. In other words, the same house can be affordable to one household but not to another.

Affordable housing, on the other hand, is a more narrowly defined term. In Victoria, affordable housing is defined by the *Planning and Environment Act 1987*, referring to housing needed by anyone who is part of a very low, low, or moderate-income household.

In Our Backyard is underpinned by the following goal:

'Grow the supply and diversity of affordable housing in the City of Port Phillip to address priority local housing needs, including for the most disadvantaged and marginalised.'

**Affordable Housing Study
Port Phillip Housing
Strategy**

²⁶ Note that Council's 'Think & Act' Homelessness Action Strategy finished in 2020. However, its status and implementation are continuing. During the implementation of the IOBY, Council strengthened its role in homelessness by establishing Port Phillip Zero, and making direct cash and property contributions to the Wellington St Common

The income ranges for affordable housing (that is not social housing) are determined by the Victoria Government and reviewed yearly. The 2023 income ranges for each household are articulated in Table x below.

Many families, older people, and early career workers in healthcare, hospitality, and creative industries would fall under the affordable housing income ranges.

Figure 17 outlines the spectrum of housing models and which ones are considered affordable housing.

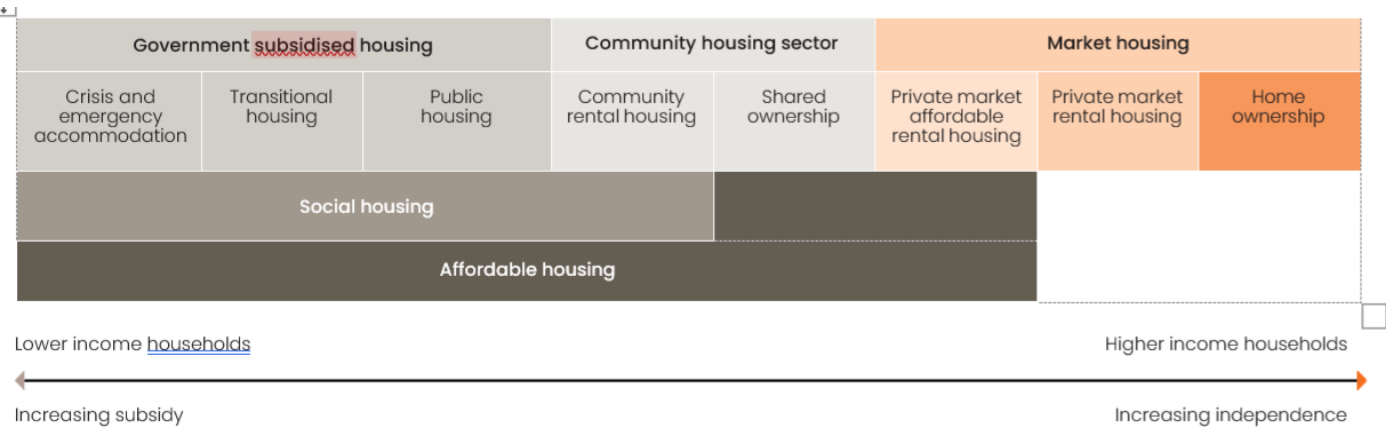


Figure 17 The spectrum of housing models ²⁷ (Source: diagram adapted based on SGS Planning and Economics 2021 initial diagram)

Household	Very low-income range (annual)	Low-income range (annual)	Moderate income range (annual)
Single adult	Up to \$29,770	\$29,771 to \$47,630	\$47,631 to \$71,450
Couple, no dependant	Up to \$44,650	\$44,651 to \$71,450	\$71,451 to \$107,170
Family (with one or two parents) and dependent children	Up to \$62,510	\$ 62,511to \$100,030	\$100,031 to \$150,030

Table 4: Income ranges for affordable housing (Greater capital city statistical area of Melbourne), June 2023 Source: Victorian Government Gazette, 2023, Planning and Environment Act 1987, Section 3AB – Specification of income ranges

Housing Need and Shortfall of Affordable Housing in Port Phillip

Known for its vibrant neighbourhoods and cultural diversity, Port Phillip has seen a significant increase in housing prices in recent years. The surge in property values has led to a growing disparity between the cost of housing and income levels of community who live or wish to live here.

Based on ABS 2021 census data²⁸, approximately one in every four households in Port Phillip (lowest household income quartile) earn less than \$881 per week. About 12,882 individuals aged 15+ (16 per cent) are in the lowest income quartile, earning less than \$375 per week. For these individuals and households, finding affordable rental housing in CoPP would be extremely difficult.

In 2021, about 20 per cent of all households need housing assistance. Among those 10,500 households are in need, half of them are in severe or moderate rental stress (spending more than 30% of their income on housing). Another half are either homeless or living in social housing.

By 2041, the total number of households in Port Phillip is forecast to grow to 83,675. If the current supply of social housing dwellings does not change²⁹, the need for housing assistance is forecast to increase to 17,300 households by 2041, indicating an estimated shortfall of 12,600 affordable dwellings³⁰.

Household type ¹	Port Phillip LGA Total		Port Phillip LGA excluding Fishermans Bend		Fishermans Bend*	
	2021	2041	2021	2041	2021	2041
Homeless	1,200 2%	1,900 2%	1,200 2%	1,900 3%	0	0
Severe rental stress	2,500 5%	5,400 6%	2,500 5%	4,300 6%	0	1,100 9%
Moderate rental stress	2,900 6%	5,300 6%	2,900 6%	4,200 6%	0	1,000 8%
Living in social housing	3,900 7%	4,700† 6%	3,900 7%	3,900 6%	0	800† 6%
TOTAL need for assistance	10,500 20%	17,300 21%	10,500 20%	14,400 20%	0	2,900 23%

²⁷ Shared equity housing escribes types of housing made affordable for low to moderate income earners through a shared-equity mortgage model, where the home buyer shares the capital cost of purchasing a home with an equity partner such as a not-for-profit trust or a community housing provider.

²⁸ SGS Economics and Planning, Port Phillip Affordable Housing Need Report, July 2023

²⁹ There is a 6 per cent affordable housing target apply to future residential development in Fishermans Bend Urban Renewal Area. It is project that this will add additional 800 affordable housing dwellings.

³⁰ SGS Economics and Planning, Port Phillip Affordable Housing Need Report, July 2023

Affordable housing shortfall	6,600	12,600	6,400	10,500	0	2,100
-------------------------------------	-------	--------	-------	--------	---	-------

Table 5 : Need of housing assistance and affordable housing shortfall, 2021-2041 (2021¹ data)

¹Rental stress includes very low to moderate income households spending more than 30 per cent of their income on housing. Numbers have been rounded to the nearest 100 and totals may not add.

*Port Phillip portion to the south – Fishermans Bend Urban Renewal Area

†Assumes an additional 800 Affordable housing from Fishermans bend based on assumption that the 6% affordable housing target would be fully implemented.

Notes: Percentages (%) are a share of all households. The count of social housing comprises long-term accommodation (not temporary accommodation), source: Department of Families, Fairness and Housing.

Source: SGS Economics and Planning 2023, Housing Assistance Demand Model (based on 2021 Census)

Background facts:

In Australia, the largest cohort experiencing homeless is single men. However, women over the age of 45 are the fastest-growing cohort of the population experiencing homelessness. An estimated 7,000 women over the age of 50 were homeless in 2016, reflecting a 31 per cent increase since 2011³¹. The number would be bigger if it included those who resort to couch surfing or living in cars, who are often not included in statistics related to homelessness.

The impact of short stay rental accommodation on housing affordability

The rise of platforms like Airbnb has made it easier for property owners to rent out their homes or units as Short Stay Accommodations (SSA). In Port Phillip, about 1-3% ³² of all dwellings are used for SSA.

The impact of SSA on housing affordability is not well established. Research done in 2018 indicated that Short-Term Letting platforms like AirBnB are not significantly worsening rental affordability across Melbourne as a whole³³. However, the impact on availability of rental properties is clearer. The same report acknowledges that SSA are having an impact on the availability of rental properties in specific high-demand inner city areas - areas such as St Kilda.

The availability issues might have been exacerbated by Covid 19. According to the ABS 2021 data, average household size has dropped overall in Metropolitan Melbourne since the pandemic, meaning less people choose to live in shared housing, putting more pressure on rental supply. From April 2022 to April 2023, the City of Port Phillip's property vacancy rate fell 1.5 percentage points, to 0.9 per cent.³⁴

During consultation on the Housing Strategy Discussion Paper, some community members expressed that Council should engage with the State Government and implement local measures to address the impacts of short-term rentals and find ways to incentivise regular rentals.

Important to note though, SSA is not a defined use in the planning scheme, and there is no planning tool that can directly regulate the SSA market. Where SSA might cause amenity impacts on the neighbouring properties, Council would consider using existing legislation and its Local Laws, to address amenity concerns.

In September 2023, the State Government announced its intention to introduce a new 7.5% levy on short term accommodation³⁵. At the time of writing, the timing for introduction of the new levy is unknown and it is unclear whether the State Government is considering any further levies or regulation of SSA. In this regard, the draft Housing Strategy recommends to continuously monitor the short-term accommodation market in CoPP and its impact on rental vacancies and housing affordability.

Council investment in community housing

Historically, Council has had a long-standing commitment to affordable housing provision prior to and since its creation in 1994 following council amalgamations. It is one of the first councils in Victoria to develop a community housing program between 1985 and 2006 (under the former City of St Kilda), and to set up a housing reserve to directly fund social housing after 2005.

From 2005 - 2015, Council contributed \$4 million from this reserve to the Port Phillip Housing Trust (PPHT), which was used by the PPHT's trustee company, HousingFirst, to purchase land for social housing projects. Since 2015, with the adoption of Council's *In Our Backyard - Growing Affordable Housing Strategy 2015 - 2025* (IOBY), Council has allocated \$5 million over a 10m year period (\$500,000 per year) into a housing reserve - the IOBY Reserve. The IOBY Reserve can be allocated to a range of partners for their delivery of social housing in Port Phillip.

To date, \$4.755 M of the IOBY Reserve has been allocated to the 28 Wellington Street Common Ground project, in addition to an adjoining surplus lane valued at \$365,000. This project will house people who have been homeless (rough sleeping) under a partnership with St Kilda Community Housing and Homes Victoria.

Council also makes property contributions from time to time. Under the IOBY strategy, Council has contributed a 1,800 m² public car park site in Marlborough St, Balaclava to the Port Phillip Housing Trust. This site has been developed by Housing First as a 46-unit community housing project for families, older persons, and persons with a disability, and replacement car park.

³¹ Australian Human Rights Commission (AHRC), (2019), Women over the age of 45 are currently the fastest-growing population of people experiencing homelessness in Australia, Exploring a growing problem, April 2019, <https://humanrights.gov.au/our-work/age-discrimination/publications/older-womens-riskhomelessness-background-paper-2019>

³² A Council officer review in June 2023 identified 744 short stay accommodation properties in Port Phillip. However, a September 2023 report developed by the Real Estate Institute of Australia quote 1,498 SSA in Port Phillip.

³³ 2018 AHURI report: Technological disruption in private housing markets: the case of Airbnb | AHURI)

³⁴ (Data source: AirDNA, Domain, cited in the Age article , <https://www.theage.com.au/property/news/the-melbourne-suburbs-flush-with-holiday-rentals-but-homes-are-hard-to-find-20230510-p5d796.html>)

³⁵ Victoria's Housing Statement the decade ahead, 2024-2034, [DTP0424_Housing_Statement_v6_FA_WEB.pdf](https://www.vic.gov.au/content/vic.gov.au/DTP0424_Housing_Statement_v6_FA_WEB.pdf) ([content.vic.gov.au](https://www.vic.gov.au/content/vic.gov.au))



Marlborough Street community housing, Balaclava
(Source: HousingFirst)



Kyme Place community housing,
Port Melbourne (Source: City of Port Phillip)

New beginnings: Anisha and Serenity

Imagine what it would be like to be pregnant, escaping a destructive relationship, essentially homeless and with no friends or family nearby.

This is exactly the situation that Anisha found herself in when she turned up for a pre-natal appointment at the Royal Women’s Hospital.

Referred to Cornelia Program, a ground-breaking partnership between Housing First, the Royal Women’s and Launch Housing, she was able to bring her baby home to a lovely studio apartment in St Kilda.

The Cornelia Program aims to break the cycle of homelessness for vulnerable women and their babies and is the first such collaboration in Australia between a hospital, a housing provider and a homelessness service that focuses on this cohort of at-risk women.

Over the nine months she spent there, Anisha received the practical support and counselling she needed to start getting her life back together and to look after her precious new daughter, Serenity.

Showing just how determined she is to make a new life for herself and now her daughter, Anisha and Serenity have now transitioned out of the Cornelia Program and are living independently.

Anisha is determined to get back to work. She has a Certificate 2 & 3 in food and dreams one day of having her own food truck – serving food that reflects the real taste of the Torres Strait Islands, the food she grew up with. Anisha and daughter Serenity

(Source: **Housing First**)



Affordable housing on State Government land

IOBY and the *Port Phillip Council Plan 2022 - 31* recognize the benefits and opportunities for Council to support the renewal of existing public housing sites to increase the yield, diversity and/or quality of housing in existing estates, where there is a clear social benefit.

The Big Housing Build, announced in 2020 by the Victorian Government as a stimulus response to the COVID-19 pandemic, allocated a \$5.3 billion over four years to build over 12,000 new social housing dwellings.

Within the City of Port Phillip, the Big Housing Build has funded the delivery of seven projects with 260 units (net 182 units), of which five have been completed and two are committed or under construction. Notable examples of these developments include the Marlborough St community housing development in Balaclava by Housing First, which comprises 46 units, and the Wellington St Common Ground project in St Kilda by St Kilda Community Housing, featuring 26 units.

The most recent affordable housing initiative from the state government is the Housing Statement, announced in September 2023. It proposed a multitude of government initiatives, including:³⁶

- Invest \$1 billion in the Affordable Housing Investment Partnership that aims to provide government low interest loans and government guarantees are available in Victoria for affordable housing as well as social housing. (Housing Statement, p.36)
- redevelopment of all 44 public housing high rise towers across Melbourne by 2051, with a guarantee of at least a 10 per cent uplift in the number of social housing units at these sites, as well as additional affordable and market homes. p.36
- streamline the planning process for medium to high density residential developments that meet set criteria. For projects in metropolitan Melbourne worth at least \$50 million, the inclusion of at least ten per cent affordable housing will cut application timeframes from more than twelve months down to four. P11

Council supports the retention and delivery of new social housing built under such Victorian government initiatives and will continue to proactively advocate for outcomes expressed in the Council adopted *City of Port Phillip Guiding Principles*, which aims to provide overarching guidance to all state government public housing project within the municipality. This includes outcomes around a net increase in social housing dwellings, dwelling diversity, high quality and sustainable design, and engagement with community through the stages of development. The full list is contained in Table 6.

Table 6

City of Port Phillip Guiding Principles for Victorian Government public housing projects within the municipality (adopted by Council on 19 October 2022)	
Strategic alignment	Projects reflect the values of social equity, diversity and inclusion and have alignment with Council strategic policy directions.
Social housing yield	Projects deliver a net increase in social (public and community) housing dwellings and do not reduce the overall number of new bedrooms provided. The people accommodated on the site are increased, resulting in a reduction in the public housing waitlist. Projects are retained in public ownership
Dwelling mix	Projects deliver a mix of housing types, sizes and tenures that meet the needs of existing and future residents and diverse households and needs groups, including families. Projects ensure that different housing types are integrated

	and visually indistinguishable, with all residents benefitting from equitable access to residential amenity.
Holistic consideration of resident needs	Projects integrate health and wellbeing into design, provide opportunities for social connections, include measures to minimise the cost of living, maintain or improve access to public transport, local services and employment and provide potential for on-site resident support services and social enterprises.
Design excellence	Projects deliver a high-quality built environment, universal housing design outcomes and high amenity within buildings and outdoor spaces.
Sustainability	Projects incorporate best-practice environmentally sustainable design and respond to climate change impacts, including minimising operating costs for residents.
Neighbourhood integration	Projects integrate with the surrounding community and public realm, retain valued vegetation and features, prioritise walking and cycling and manage potential impacts on the surrounding community, including amenity, traffic and parking.
Broader public benefit	Projects provide quantifiable benefits to the surrounding community, such as public open space, community facilities and/or spaces for not-for-profit organisations and service organisations that support the local community
Council jurisdiction	Projects manage demand and impacts on Council infrastructure, facilities and services including open space.
Community engagement	Projects provide inclusive and effective Council, resident and community engagement through all stages of development, that provides opportunities for meaningful input that influences outcomes.

Increase affordable housing on private land

In Victoria, affordable housing can only be facilitated by the planning system through voluntary agreements with a private developer or landowner. This approach has led to uncertainties for both local councils and landowners.

The draft Housing Strategy provides clarity by proposing a clear framework for voluntary negotiations between Council and developers / landowners. This includes a proposed affordable housing target (% of dwellings), and a development threshold which triggers the delivery of affordable housing as part of the development application process.

10% Affordable Housing Target

³⁶ [DTP0424_Housing_Statement_v6_FA_WEB.pdf \(content.vic.gov.au\)](#)

To facilitate the provision of crucial affordable housing in Port Phillip, the strategy proposes an aspirational target that 10% of housing within the new housing developments on private land (excluding Fishermans Bend³⁷) should be affordable housing.

It's important to note that, given the voluntary framework in Victoria, the 10 per cent target should not be understood as requiring developers to provide 10 per cent of housing units as affordable housing for free (though it might be appropriate under specific circumstance especially where rezoning land is involved).

Rather, it suggests that for each private development past a certain development threshold, that a proportion of the housing units should be reserved for individuals and families falling within the affordable housing income ranges. The percentage of the costs related to affordable housing paid by any party will be decided via voluntary negotiations on a case-by-case approach. The voluntary negotiation would consider factors such as development feasibility, government subsidies available, and preferences of the community housing sector. This approach ensures a flexible and nuanced consideration based on each unique case.

The proposed target is influenced by several factors:

- **Align with Housing Assistance Need:** About 10 per cent of all households in Port Phillip are in severe or moderate rental housing stress.
- **Progressive increase of social housing stock:** 6.5 per cent of the housing stock in Port Phillip is classified as social (public and community) housing. In 2015, the same figure was 7.2 per cent. The proposed 10 per cent target aims not only to maintain the current proportion of social housing stock, but also to gradually increase the proportion of affordable housing units in Port Phillip over time.
- **Align with Victoria Housing Statement:** At least 10 per cent Affordable Housing is encouraged though the Victorian Governments development facilitation program & surplus public land development. This is already included in the Port Phillip Planning Scheme (at clause 53.23 Significant Residential Development with Affordable Housing)
- **Align with existing target in Structure Plans:** both the Council adopted Bay Street Activity Centre Structure Plan (2014) and Carlisle Street Activity Centre Structure Plan (2009) seek 10% of new dwellings to be affordable.
- **Consistent with recent strategies by other Councils.** (e.g., Yarra, Maribyrnong)
- **Government Efforts:** Both the Federal and State Governments are working to address the affordable housing needs. This could involve various policies, initiatives, and funding to support the development of affordable housing.
- **Private Sector Involvement:** There has been a significant increase in private capital invested into social bonds that focus on social issues (including affordable housing). In Australia, superannuation funds have already shown appetite to invest into housing, including projects on social and affordable housing³⁸.
- **Cash contributions:** Landowners or developers can provide a cash contribution instead of affordable housing units. However, the preferred option is to have affordable housing dwellings delivered by private developers in situ, so that the affordable housing is more evenly distributed.

Overall, the draft Housing Strategy aims to address the shortage of affordable housing by involving the private sector and leveraging multiple government efforts. The proposed target range aims to balance the housing needs of the community and create a sustainable and equitable approach to increasing affordable housing availability in Port Phillip.

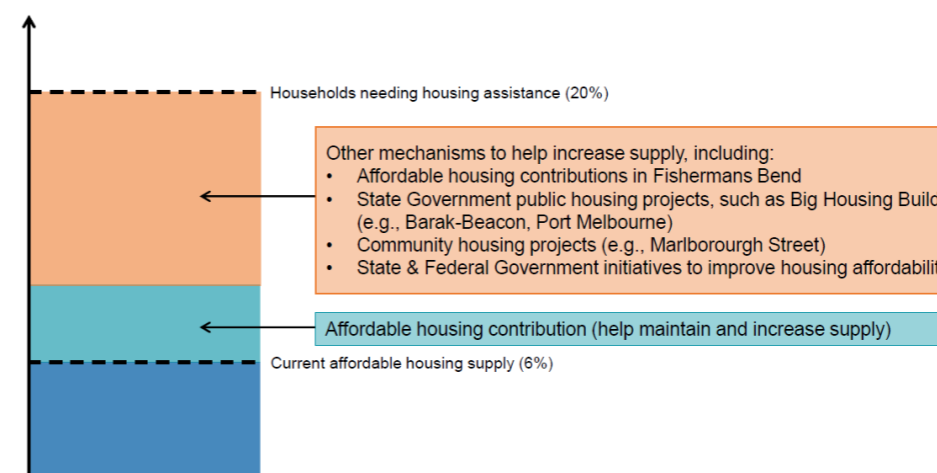


Figure 18: Housing need diagram – how contribution rate helps address housing need

Diverse and innovative affordable housing models

As developers and the private sector increasingly respond to the issue of housing affordability, we need to be receptive to diverse and innovative housing models as they arise. This also heightens the need to establish a central system to register those affordable housing units and ensure these homes stay affordable in the life cycle.

By supporting the take-up of diverse and emerging housing models by the private sector, we are more likely to achieve a broader range of affordable housing in Port Phillip. The Housing Strategy should encourage a greater diversity and choice of private affordable housing models, such as:

- shared equity schemes.
- Community Land Trusts.
- Specialist Disability Accommodation for persons on National Disability Insurance Scheme (NDIS) packages.
- affordable build to rent.
- affordable rent to buy.
- collaborative development projects for key workers.

³⁷ Fishermans Bend already has a target of 6% in the Port Phillip Planning Scheme (Clause 11.03-6L-04 Fishermans Bend Urban Renewal Area). Note the 6% is proposed by the State government which is the planning authority for the renewal area. The rationale was a 6% affordable housing target is consistent with the level of contribution required in relevant decisions of VCAT and Planning Panels which generally range between 5 and 10%. At the time, Council

submission supported the provision of 20% affordable housing across Fishermans Bend. The 20% is the target proposed in the IOBY Strategy which in turn reflects the overall Housing assistance need at the time.

³⁸ <https://www.afr.com/chanticleer/why-super-funds-will-turbocharge-social-housing-20221024-p5bsdm>

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 organization or government entity. Shared equity schemes can reduce pressures on supported housing programs and return modest profits to equity partners.

Frontline workers in essential public services like healthcare, education, policing, emergency services, transport, and community welfare play a vital role in our city's functioning and safety. Yet, it is hard for them to afford median rents in Port Phillip.

Between 2016 and 2021, there has been a loss of essential workers in many regions of Melbourne, with the Inner East (-11%) and Inner Melbourne (-9%) experiencing the greatest net losses of essential workers.

In comparison to the overall labour force, essential workers in Melbourne are more likely to live in outer suburbs and nearby regional cities. The concentration of essential workers living within 15 kilometres of the Melbourne CBD has decreased since 2011, due to a lack of housing affordability in these areas, while there has been an increase in essential worker residents in outer suburbs and adjacent regional areas.

This creates labour supply problems for inner urban businesses, impacting business efficiency and viability. Recent disruptions and crises, particularly the COVID-19 pandemic, have further 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.

There is a critical need for intervention and innovation across the housing system to improve access to housing for essential workers if the Port Phillip economy is to function effectively as a city into the future.

Draft strategies & actions

Draft Strategy 6.1 Facilitate the provision of more affordable housing in Port Phillip.

Strategies & Actions		Role	Timeframe	Lead / Partner	Business impact
6.1	Facilitate the provision of more affordable housing in Port Phillip				
6.1.1	Introduce requirements into the Planning Scheme for areas outside Fishermans Bend, for all rezonings to residential use, and in major developments to provide at least 10% affordable housing.	Deliver	Short – Medium term	Lead	Subject to annual plan and budget
6.1.2	Support emerging affordable housing models, including but not limited to affordable “Build to Rent” and affordable “Rent to Buy”, shared equity housing and Community Land Trusts.	Deliver	Short – Medium term	Lead	Subject to annual plan and budget

6.1.3	Support the retention of and delivery of new social and affordable housing on public land, including through the redevelopment of public housing sites.	Partner	Ongoing	Lead	Operating budget/ Business as usual
6.1.4	Identify opportunities for social and affordable housing on Council land or strategic sites in or near activity centres.	Partner	Ongoing	Lead / Partner	Operating budget/ Business as usual
6.1.5	Incorporate ‘City of Port Phillip Guiding Principles for Victorian Government public housing projects’ into the planning scheme to apply to public housing projects.	Deliver	Short – Medium term	Lead	Subject to annual plan and budget
6.1.6	Explore targeted incentives to support affordable housing, including innovative affordable housing models (such as the fast tracking of planning permits.)	Deliver	Short – Medium term	Lead	Operating budget/ Business as usual
6.1.7	Develop non-statutory toolkits to support the take-up and application of emerging housing models by the private sector.	Deliver	Short – Medium term	Lead	Operating budget/ Business as usual
6.1.8	Support the development of a State-wide affordable housing register to record voluntary agreements (via section 173 of the P&E Act) with the private sector.	Deliver	Short – Medium term	Lead / Partner	Operating budget/ Business as usual
6.1.9	Continue to advocate for planning reforms to introduce a mandatory requirement for affordable housing.	Advocacy	Ongoing	Lead / Partner	Operating budget/ Business as usual