

Charter Insight

Density Beyond Diversity: Planning for Who?

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Home to an increasing and significant proportion of the population, Melbourne's Growth Areas already provide diverse and affordable housing.

However, the proposed mandating for a minimum of 25 dwellings per hectare in the Growth Areas will not only reduce the variety of housing currently being provided, but will adversely impact the communities that live there.

In its 2015 report advising the Victorian Planning Minister on how to improve the metropolitan strategy *Plan Melbourne*, the Ministerial Advisory Committee (MAC) has included a recommendation to mandate a minimum of 25 dwellings per hectare (net) across Melbourne's Growth Areas.

Recommended on the basis that it would deliver greater housing choice and assist affordability, the report fails to provide any evidence to support how the introduction of this minimum dwelling density would deliver the policy objectives intended.

Additionally, the introduction of a minimum dwelling density that is likely to result in the already under-serviced Growth Areas becoming denser than the vast majority of Melbourne's existing suburbs, is little more than a crude mechanism that risks creating more issues than it solves.

VICTORIA'S PLANNING PARADOX

As the largest and fastest growing localities in Australia's fastest growing city, Melbourne's Growth Areas warrant considered planning solutions that are informed by a variety of inputs, including empirical data and market evidence.

In the very least policy should be premised upon an understanding of population and household forecasts, existing dwelling densities, development activity (lot sizes and prices) and total land supply availability.

Home to an increasing, and significant number of Melburnians, understanding these dynamics will enable the development of a metropolitan policy that promotes the inter-relationship between the Growth Areas and the existing metropolitan area.

However, in using the proposed mandated density as a means to "slow down the rate of take-up" and "extend the land supply timeframe well beyond the 30 year horizon"¹, the legitimacy of Growth Areas as a location for urban development is being downgraded.

That there is in excess of 40 years of potential land supply and that the Growth Areas already deliver a higher dwelling density than many established suburbs highlights the need for the evidence to be obtained and understood.

It is paradoxical that while an (increasing) minimum dwelling density has, and continues to be applied to the Growth Areas, (decreasing) maximum dwelling yields have been applied across swathes of already serviced, established suburbs that are ideal for redevelopment and urban renewal.

DISTRIBUTING DENSITY OR DELIVERING DISADVANTAGE?

At 25 dwellings per hectare, future Growth Area suburbs will be considerably denser than the vast majority of established suburbs, surpassed only by the level of density observed within the 0-5 kilometre radius of the CBD.

Metropolitan Melbourne Density Comparisons

DISTANCE FROM CBD	DWELLING DENSITY PER SQ KM
0 - 5 km	3,731
5 - 10 km	1,825
10 - 15 km	1,300
15 - 20 km	1,076
20 - 25 km	856
25 - 30 km	749
Growth Areas @ 25 dw per ha	2,300 (Approx.)

SOURCE - <http://www.monash.edu/research/city-science/MelbourneHousingDensity/#index>

It is well recognised that Growth Areas are already suffering from an under-supply of high order services such as hospitals and educational facilities, poor provision of public transport and relatively fewer job opportunities². The increased population and limitations imposed on housing type due to the proposed density minimum risks further entrenching the Growth Areas as regions of permanent disadvantage.



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¹ Plan Melbourne Review 2015; Ministerial Advisory Committee Report 2015

² Fairer Funding Report; Interface Councils 2014

DEFINING DIVERSITY - LESS IS NOT MORE

Highlighting the need for a greater provision of empirical data and market evidence to inform planning policy, the introduction of a minimum 25 dwelling per hectare density will in fact reduce the level of housing diversity currently being delivered across the Growth Areas.

In accordance with the increasing sophistication and segmentation of the greenfield land market, the diversity of lot sizes released across Melbourne’s Growth Areas in 2015 already represents genuine variety that supports a wide range of residential typologies.

Of these lots, 35% were under 400 sq.m., 40% were between 400 and 500 sq.m., and 25% were above 500 sq.m. At 25 dwellings per hectare, the majority of lots will be under 300 sq.m. (See Figure 1).

THE GROWTH IN FAMILY HOUSEHOLDS

At a minimum of 25 dwellings per hectare, the variety of housing typologies that can be accommodated in the Growth Areas will be significantly reduced. In particular, this will include a reduction in conventional family dwellings, despite their appeal to families,

who have, and continue to represent the most significant household type in the Growth Areas.

The reduction in lot sizes will also strictly limit the potential of these areas to be later redeveloped to meet the needs of future communities.

Victoria in Future forecasts show that the growth in “family with children” households (approximately 220,000), will significantly outgrow all other household types (in absolute terms) to 2031.

This data reinforces the need to ensure that an adequate supply of affordable family housing is provided. Together with the increasing scarcity of affordable family housing in the established suburbs of Melbourne, the introduction of a minimum dwelling density that significantly reduces the ability to meet the needs of the dominant household type would simply be negligent (See Figure 2).

ASSUMING AFFORDABILITY

Melbourne’s Growth Areas have, and will continue to provide relatively affordable housing compared to that within the established suburbs. In doing so, they will

continue to perform an important function in accommodating Melbourne’s population growth in the decades ahead. This is the context in which pricing for residential lots is set, within which there are a number of dynamic variables at play.

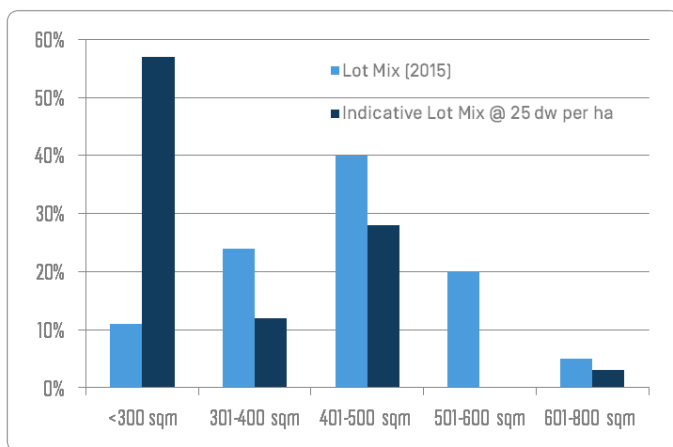
Any assumption that legislation which effectively reduces lot size will necessarily correspond with a generic price decrease is naive. The implementation of a policy that in part, is justified on these grounds reflects a lack of understanding of the dynamics that drive a market which is highly price sensitive, and where purchaser preference is characteristically pre-determined by a limited sum of money.

THE PRICE OF POOR POLICY

While evidence of market activity and empirical data continue to be ignored in the policy formulation process, it will be the future communities within our cities who suffer the consequences, unintended or otherwise.

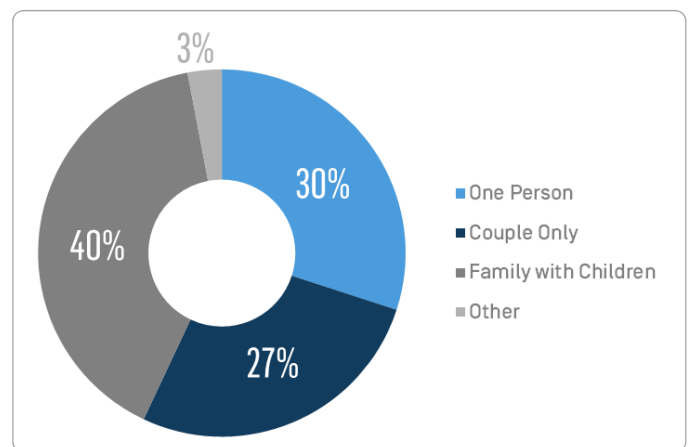
In the case of the proposed 25 dwelling per hectare minimum, those to pay the greatest price will likely be the ones who will least be able to afford it.

Figure 1: Diversity of Lot Sizes (Actual vs Proposed 25 Dwellings Per Hectare)



SOURCE - Charter Keck Cramer; (*Indicative Lot Mix derived from Sydney’s Growth Areas Dwelling Density Guide - NSW Dept. of Planning & Environment)

Figure 2: Increase in Household Type (Greater Melbourne; 2016 - 2031)



SOURCE - Victoria in Future (2015)

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