



City of Port Phillip Housing Strategy

2007 to 2017

October 2007
ABS Data updated 2008

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Executive Summary

The Purpose and Vision

The Housing Strategy sets out a broad vision and makes recommendations for housing and residential development in Port Phillip.

The Strategy updates the 1997 Housing Strategy to reflect the changes that have occurred to housing policy since that time. The Strategy also provides a locally relevant response to Melbourne 2030 and the Inner Regional Housing Statement by identifying areas suitable for new residential growth and providing strategic justification for new housing policies in the Port Phillip Planning Scheme.

The Strategy is important because it will allow Council to pro-actively deal with housing and residential issues by providing certainty for both the community and developers. It sets out a framework to ensure that Port Phillip has a diverse range of housing but at the same time maintains the character and amenity of the city's residential areas.

Council's vision for housing in the municipality is:

"To direct residential growth to locations which offer the greatest access to shops, public transport and other services, and provide housing diversity by facilitating the development of affordable, accessible and suitable housing which meets the needs of all current and future residents, including the disadvantaged and those who are unable to adequately access the private housing market."

The Local Picture

By the year 2030, the City of Port Phillip's resident population is expected to increase by 40.1% to 112,897. This is an additional 32,345 people or 16,300 new dwellings. Demographic trends indicate the municipality will see an increase in the older population, which will place additional pressure on services for older people and will result in a population with varying accommodation needs.

The current housing market in Port Phillip is buoyant with demand for all types of housing outstripping supply, which has led to high prices and affordability issues. As a result, Port Phillip is experiencing high housing stress, which is overtly demonstrated by the extent of homelessness, the 'at capacity' status of rooming house accommodation and the high number of applicants on public housing waiting lists. The need for public and private affordable housing in Port Phillip is acute, as is the need for different sizes and types of property, with a mix of social rented and low cost home ownership.

The Building Blocks – Government Policy Context

Commonwealth and State Governments' legislation and policy directly influence the provision and cost of housing in the City of Port Phillip.

Commonwealth policy has a major influence on housing supply and demand, through the setting of economic policy, taxation policy, pension benefits, immigration levels, and residential aged care, which in turn influences interest rates, income levels and employment.

The State Government also sets planning policy, which influences housing provision, through the Victoria Planning Provisions, including the State Planning Policy Framework and the suite of zones, overlays and other planning controls that are made available to Councils as part of their local Planning Scheme. Melbourne 2030, which is the State Government's strategy to guide growth, change and development in the Melbourne over the next few decades, also has significant implications on planning for new housing growth within Port Phillip.

Regional planning and policy influences include the Inner regional Housing Statement, formulated from the Inner Regional Housing Working Group.

Meeting Housing Needs

This Housing Strategy indicates that there is capacity to accommodate the 16,300 new dwellings projected to be built in Port Phillip by Melbourne 2030. The Strategy provides a framework for the identification of suitable locations for this new development via the Residential Framework Plan.

The Residential Framework Plan shows that strategic sites and precincts near activity centres and public transport routes are the locations with most capacity for growth and change. The majority of residential growth will be directed to these areas.

Moderate growth is predicted to occur within the activity centres themselves, recognising that they are at a mature stage of development which limits their capacity for large scale growth.

Established residential areas are suitable for only limited change and growth.

Objectives, Strategies and Actions

The 8 objectives of the Strategy are:

1. To provide opportunities for new residential development in designated locations which have the capacity for change, and which offer highest accessibility to shops, public transport, and services.
2. To encourage the provision of a diversity of dwelling types to meet the needs of all current and future residents of Port Phillip.
3. To ensure new residential development respects neighbourhood character and heritage values of established residential areas.
4. To expect environmentally sustainable residential development.
5. To support housing designs that are adaptable and accessible.
6. To promote a range of affordable housing models and projects applicable to public, community and private housing that address the housing needs of low to moderate income residents and contribute to social diversity.
7. To expand the supply, distribution and type of social (public and community) housing available for the benefit of current and future residents of Port Phillip.
8. To promote a co-ordinated response that addresses the needs of people experiencing homelessness.

Generally, the implementation actions contained within the Strategy take on one of the following forms:

- Advocacy / leadership role
- Direct action
- Further research / investigation

Many of the actions have previously been identified as priority projects by Council in response to influences such as Melbourne 2030 and the Inner Regional Housing Statement.

Implementation

The majority of the strategies relate to land-use methods aimed at achieving growth and diversity and incorporating designs which achieve adaptable, accessible and environmentally sustainable buildings.

Key to the successful implementation of the Strategy recommendations are two actions. Firstly, the preparation of a Neighbourhood Character Framework for the City's established residential areas and secondly, the preparation of Structure Plans / Urban Design Guidelines for areas identified as being suitable for growth. The Neighbourhood Character Framework and Structure Plans / Urban Design Guidelines are important tools in enabling the protection character and directing residential growth to appropriate locations within the municipality.

In addition, a number of the actions relate to the provision of social and community housing and affordable housing via advocacy and leadership.

The successful implementation of the Strategy cannot be achieved by Council alone – partnerships with others will be essential. The emphasis on partnership working underlines the recognition that the Housing Strategy is a 'living' process which must strive to be continually all-encompassing and inclusive in order to add value and make a difference.

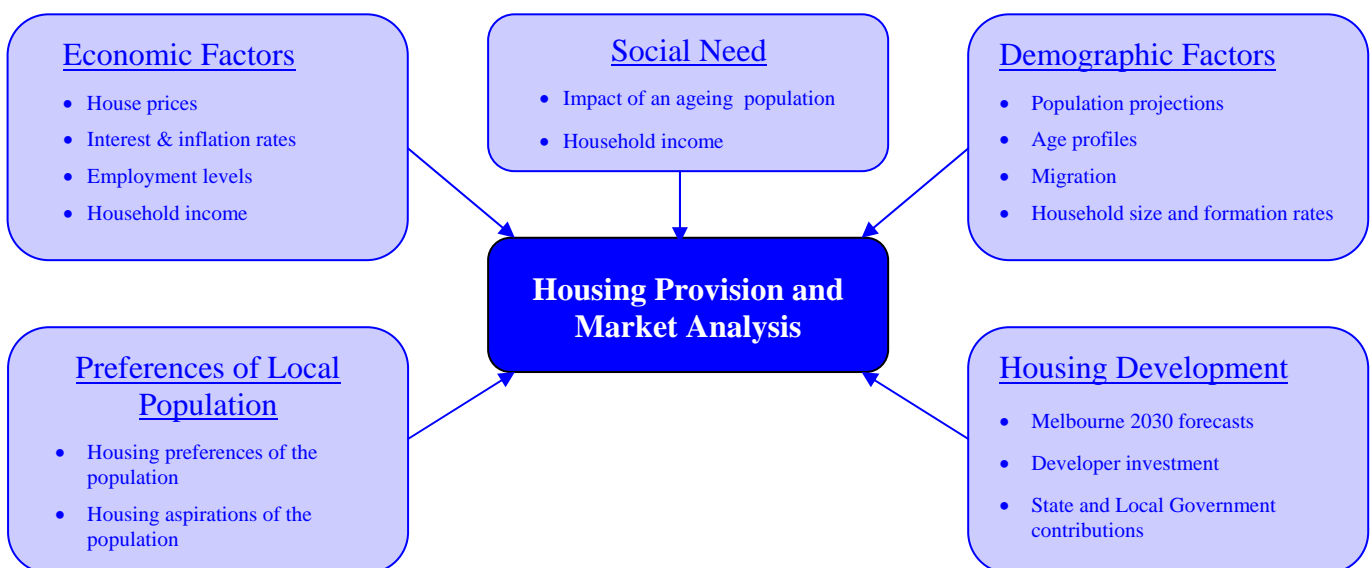
1. Introduction

Why Prepare a Housing Strategy?

Good quality, affordable housing should be a right and not a privilege. Council wants everyone in Port Phillip to have that right, regardless of tenure.

This aspiration is not one which can be achieved easily or quickly. There are complex factors influencing housing provision and the housing market (refer to Diagram 1). With sustained investment in internal and external partnerships, advocacy, education, qualified staff, and the production of a robust housing strategy, Council believes that it can help drive change towards a preferred future living environment for all in the municipality.

Diagram 1: Main Factors Influencing Housing Provision and Market



Research shows that the housing market in Port Phillip is buoyant with demand for all types of housing outstripping supply, which has led to high prices and affordability problems. As a result, Port Phillip is experiencing high housing stress, which is overtly demonstrated by the extent of homelessness, the 'at capacity' status of rooming house accommodation and the high number of applicants on public housing waiting lists. The need for public and private affordable housing in Port Phillip is acute, as is the need for different sizes and types of property, with a mix of social rented and low cost home ownership.

Other issues associated with housing in Port Phillip include changing demographics, community concern over the impact of residential development on neighbourhood character, and achieving the initiatives of the State Government's metropolitan strategy 'Melbourne 2030'.

The Housing Strategy has been prepared to respond to these issues over a 10 year timeframe.

What is the Purpose of the Strategy?

The purpose of the Strategy is:

- To provide a clear overview and assessment of the housing situation in the City of Port Phillip.
- To highlight key areas of concern.
- To describe Council's involvement in mechanisms to tackle these areas of concern.
- To outline proposals to further address these key areas of concern to build and maintain sustainable communities.
- To identify resources to enable proposals to be put into action.
- To provide a framework for effective consultation and partnership working.
- To outline monitoring and review arrangements.

The Strategy also acts as a valuable strategic planning tool by allowing Council to fulfil the following functions:

- Identifying locations suitable for new housing development, redevelopment and infill;
- Identifying areas most suitable for residential density increases based on established and accepted principles and criteria;
- Providing direction for Council and the community in relation to residential densities; and
- Providing a context for the preparation and review of the Municipal Strategic Statement of the Planning Scheme.

The Strategy is underpinned by a robust evidence base, makes clear links and is consistent with national, state, regional and local priorities, exemplifying a true partnership approach in responding to and meeting local housing requirements.

The Strategy recognises that sustainable communities are socially diverse communities and that affordable and appropriate housing assists to maintain personal health and well-being.

Council's Role in Housing

Local Council's are the only organisations equipped to undertake a comprehensive review of the housing needs and priorities of their area.

The Housing Strategy does not assume that the provision of a home will lead to improved quality of life. The central premise is that a 'better home' is more than the dwelling itself, rather it is also about environments, people, and places where citizens want to live and become involved in the community.

Council's vision, then, is as follows:

"To direct residential growth to locations which offer the greatest access to shops, public transport and other services, and promote housing diversity by facilitating the development of affordable, accessible and suitable housing which meets the needs of all current and future residents, including the disadvantaged and those who are unable to adequately access the private housing market."

The values underpinning the vision that relate to housing diversity (part of Objective 2), affordable housing (Objective 6), social housing (Objective 7, and homelessness (Objective 8) are:

- Recognition that sustainable communities are socially diverse communities.
- Recognition that affordable and appropriate housing assists to maintain personal well-being and health.
- Encouragement of community tolerance towards social disadvantage and diversity.
- Support for policy that is firmly based on social equity and social justice principles.

2. The Local Picture: Issues, Opportunities and Challenges for Port Phillip

2.0 INTRODUCTION

The City of Port Phillip is located within the south east inner region of Melbourne and is bounded by the municipalities of Bayside to the south, Glen Eira to the east and Melbourne and Stonnington to the north. The city was created in June 1994 when the former cities of Port Melbourne, South Melbourne and St Kilda were amalgamated. Port Phillip now contains 11 suburbs and 7 distinct neighbourhoods and covers an area of 20.62 kilometres.

Port Phillip contains a substantial proportion of Melbourne's significant tourist features, some large and strategically located areas of commercial and industrial land, and some exemplary heritage buildings. Port Phillip employs around 66,788 people in a range of industries, but primarily property and business services, manufacturing and the retail trade. The municipality comprises a broad range of dwelling types as well as crisis, emergency and rooming house accommodation to meet the needs of all potential residents, including people who are marginalised and disadvantaged. Port Phillip also contains a number of state-wide and after-hours crisis support services.

Port Phillip's proximity to both the bay and the city, its vibrant street life, and cultural diversity are attractive to Melbourne's young adults. As such, the main demographic group consists of young adults aged 25-34, working in professional fields with relatively high incomes. Although Port Phillip comprises a high proportion of young, educated professionals, it is also home to older people, families and single parents, those who are unemployed, and those on low incomes. Council's challenge is to accommodate and cater for all residents so that Port Phillip remains their home, as well as provide a healthy, culturally stimulating and socially equitable environment now and in the future.

2.1 DEMOGRAPHIC PROFILE

This section outlines key demographic trends that influence the supply and demand of housing in the City of Port Phillip. Several sources contribute to the identification of trends (and projections), namely the Australian Bureau of Statistics (ABS) 2001 and 2006 Census data, and the Department of Sustainability and Environment's (DSE) 'Victoria in Future' population and household estimates. To enable information from the 2006 National Census to be properly understood, a partial review was undertaken in 2008. This will allow for an update to be made to the demographic and housing profile in this chapter, and may subsequently inform the rationale of Objective 5 relating to affordable housing provision and its corresponding strategies and actions.

It is important to note that the 2001 and 2006 Census figures for population size were subsequently readjusted by the ABS to include the number of residents estimated to have been temporarily overseas at the time of the Census. It is the readjusted figure that is used as the base data for the 'Victoria in Future' estimates of population growth to the year 2031. (The additional population count is ignored however, when citing employment rates and household numbers, which is extracted from the original Census records).

2.1.1 Population Size, Projections and Growth Rates

With regard to population, the 2006 Census indicates that on 1 August 2006, 86,833¹ people were residents of the City of Port Phillip, with St Kilda accommodating the largest number (22.03%). The adjusted ABS figures for the same year indicate that 85,096 (85,097 Port Phillip i.d.com) people were residents of the municipality, which is an increase of 7,044 people since the 2001 Census was taken.

¹ NOTE: Total totals ? may not equate with other similar Total due to **randomisation** of small numbers

'Victoria in Future 2004' estimates that on 30 June 2006, Port Phillip's population grew to 85,674 residents. This is an increase of 5,122 residents (based on the adjusted ABS figures for 2001) and equates to a population density of 4,017.3 persons per square kilometre, compared with an Inner Melbourne average of 3,020.1 persons per square kilometre.

The 2001 Census estimated that by 2031, Port Phillip will have to accommodate 112,897 people, which is a 40% increase on the 2001 adjusted census population count.

The population of Port Phillip is projected to:

- Increase at an average annual rate of 1.3% or 5,838 persons between 2006 and 2011
- Increase at an average annual rate of 1.3% or 5,998 persons between 2011 and 2016
- Increase at an average annual rate of 1.2% or 5,766 persons between 2016 and 2021
- Increase at an average annual rate of 1.0% or 5,328 persons between 2021 and 2026
- Increase at an average annual rate of 0.8% or 4,293 persons between 2026 and 2031

Overall, this equates to an annual average increase of 1.13% between 2001 and 2031.

Within the Inner Region, Port Phillip will continue to be the second fastest growing municipality behind the City of Melbourne, which has an annual average growth rate of 3.57%, while Yarra and Stonnington have average growth rates of 0.89% and 0.54% respectively². This population growth brings with it a requirement for more homes, jobs, and community and recreation facilities.

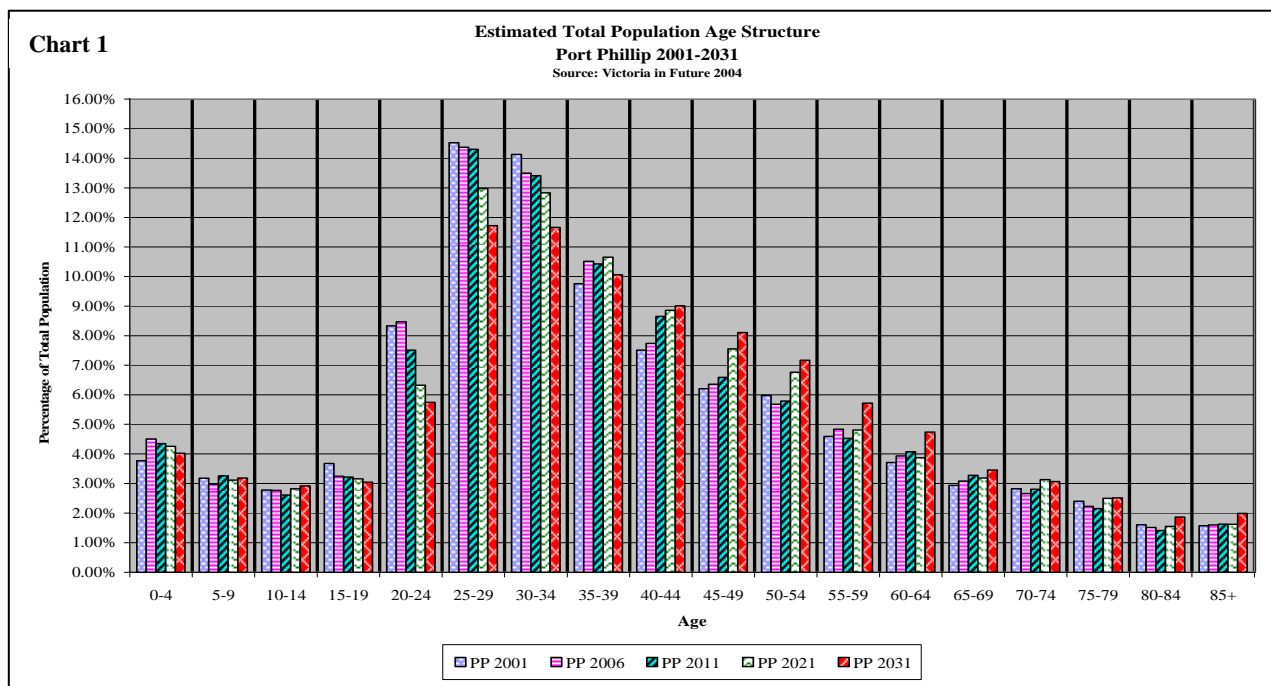
2.1.2 Age

Port Phillip is a vibrant and accessible inner-urban municipality, which has made it a popular residential location for young to middle-aged adults. The 2006 Census figures indicate that the age structure of Port Phillip is fairly similar to that of the Inner Metropolitan area, with the predominant age group being 25-34 year olds. The most notable exception between the municipality and the Inner Metro is the Inner Metro's significantly higher proportion of 20-24 year olds and Port Phillip's higher proportion of 30-34 year olds. Compared to the Melbourne Metro area, Port Phillip also has a noticeably low proportion of residents below the age of 19, yet a fairly consistent distribution (albeit a slightly lower proportion) of the 60+ age group.

Analysis of 2006 Census data shows that the City of Port Phillip, compared to the Melbourne Statistical Division, had a smaller proportion of people in the younger age groups (0 to 17) as well as a smaller proportion of people in the older age groups (60+). 11.4% of the population was aged between 0 and 17, and 14.5% were aged 60 years and over, compared with 22.8% and 17.4% respectively for the Melbourne Statistical Division (MSD).

'Victoria in Future 2004' predicts that while the population in Port Phillip will increase by 32,345 persons by 2031, there will be a steady decrease in the young adult age groups (i.e. 20-35 year olds), but the 0-19 age groups, while fluctuating, will remain reasonably constant. The future growth will be most evident in the 40+ age groups. It is predicted that there will be a steady increase in the 40-44 year old and 65+ population by 2031, and substantial increases in the 45-54 year old population after 2011 and in the 55-64 year old population after 2021 (refer to Chart 1 and Table 1).

² Department of Sustainability and Environment, *Victoria in Future 2004* (July 2005)



The trend in Port Phillip's population will be an increase in the older population. In 2001 the proportion of people aged 40 years or more was 39% of the population, and by 2031 it is estimated to increase to 48%. In 2001 the proportion of people aged 60 years or more was 14.5% of the population, and by 2031 it is estimated to increase to 17.6%.

The trend in Port Phillip's population will be an increase in the older population (repeats?). In 2006 the proportion of people aged 40 years or more was 39.5% of the population, and by 2031 it is estimated that this will increase to 48%. In 2006 the proportion of people aged 60 years or more was 14.5% of the population, and by 2031 it is estimated that this figure will increase to 17.6%. These increases in the middle to older age groups will undoubtedly place pressure on services for older persons and result in a population with varying accommodation needs.

There has also been a rapid increase in home owners aged 55+ taking out reverse equity mortgages, which may affect their long term housing tenure as they enter older age-75+.

Table 1: City of Port Phillip Population Change by Age 2001 – 2031

Age	2001		2006		2011		2021		2031	
	No. of Persons	% of Population	No. of Persons	% of Population	No. of Persons	% of Population	No. of Persons	% of Population	No. of Persons	% of Population
0-4	3,448	3.77	3,861	4.51	3,980	4.35	4,396	4.26	4,543	4.02
5-9	2,560	3.18	2,557	2.98	2,983	3.26	3,223	3.12	3,593	3.18
10-14	2,241	2.78	2,370	2.77	2,395	2.62	2,915	2.82	3,299	2.92
15-19	2,961	3.68	2,780	3.24	2,945	3.22	3,267	3.16	3,438	3.05
20-24	6,714	8.33	7,254	8.47	6,872	7.51	6,532	6.32	6,486	5.75
25-29	11,699	14.52	12,314	14.37	13,087	14.30	13,400	12.97	13,231	11.72
30-34	11,379	14.13	11,563	13.50	12,274	13.41	13,246	12.83	13,163	11.66
35-39	7,863	9.76	9,005	10.51	9,540	10.42	11,005	10.66	11,359	10.06
40-44	6,050	7.51	6,632	7.74	7,921	8.66	9,149	8.86	10,172	9.01
45-49	4,997	6.20	5,448	6.36	6,030	6.59	7,805	7.56	9,154	8.11
50-54	4,813	5.98	4,871	5.69	5,294	5.78	6,984	6.76	8,092	7.17
55-59	3,697	4.59	4,145	4.84	4,143	4.53	4,972	4.81	6,461	5.72
60-64	2,992	3.71	3,371	3.93	3,728	4.07	4,002	3.88	5,346	4.74
65-69	2,368	2.94	2,642	3.08	3,000	3.28	3,292	3.19	3,903	3.46
70-74	2,275	2.82	2,282	2.66	2,568	2.81	3,234	3.13	3,462	3.07
75-79	1,934	2.40	1,908	2.23	1,970	2.15	2,581	2.50	2,842	2.52

80-84	1,294	1.61	1,298	1.52	1,293	1.41	1,602	1.55	2,104	1.86
85+	1,267	1.57	1,371	1.60	1,487	1.62	1,674	1.62	2,248	1.99
Total	80,552	100.00	85,674	100.00	91,513	100.00	103,277	100.00	112,897	100.00

2.1.3 Employment

In 2001 the total population of the municipality was recorded as 78,053 persons, with those of working age (i.e. aged 15+) equating to 69,454 persons. In the five years between 2001 and 2006, the total population of the municipality increased to 85,097³, with those of working age equating to 76,678. The size of the City of Port Phillip's labour force in 2006 was 50,019 persons (being 51% Male and 49% Female), of which 12,357 were employed part-time (24.7%) and 34,648 were full time workers (69.3%) (12,357 + 34,648 = 47,005). Analysis of the employment status of the population in the City of Port Phillip in 2006, compared to the MSD, shows that there was a similar proportion in employment and a similar proportion unemployed. Overall, 95.6% of the labour force was employed (62.3% of the population aged 15+), and 4.4% unemployed (2.9% of the population aged 15+), compared with 94.7% and 5.3% respectively for the MSD.

Between 2001 and 2006, the number of people employed in the City of Port Phillip showed an increase of 4,050 persons and the number unemployed showed a decrease of 674 persons. Analysis of the labour force participation rate of the population in the City of Port Phillip in 2006 shows that there was a larger proportion in the labour force (65.2%) compared with the MSD (61.1%). Between 2001 and 2006 in the City of Port Phillip the number of people in the labour force showed an increase of 3,376 people, or 7.2%.

In terms of employment spread, the ABS Census 'Quick Stats' publications provide the geographical information for the municipality (refer to Table 2). Despite having the largest population in the labour force, St Kilda, along with East St Kilda, has the highest rate of unemployment, while Middle Park/Albert Park, which have one of the smaller labour forces, has the lowest unemployment rate.

Table 2: Employment and Unemployment Rates by Suburb at time of 2006 Census

Suburb	Population in Labour Force		Population Employed			Population Unemployed		
	No. of People	Percentage of Total No. of People	No. of People	Percentage of People in that Suburb/Overall Labour Force		No. of People	Percentage of People in that Suburb/Overall Labour Force	
St Kilda	11,457	22.9%	10,866	94.7%	21.7%	606	5.3%	1.2%
East St Kilda	8,711	17.4%	8,252	94.7%	16.5%	459	5.3%	0.9%
Elwood/Ripponlea	8,145	16.3%	7,838	96.2%	15.6%	306	3.8%	1%
Middle Park/ Albert Park	6,170	12.3%	5,976	96.9%	11.9%	194	3.1%	0.6%
South Melbourne	3,822	7.6%	3,677	96.2%	7.3%	144	3.8%	0.3%
Port Melbourne	7,504	15.0%	7,522	96.6%	15.9%	252	3.4%	0.5%
St Kilda Rd	4,151	8.3%	3,976	95.6%	7.9%	181	4.4%	0.3%
Total	49,960	98.8%	48,107	96.8%*		2,142		4.8%*

NOTE: Table totals may not equate with other similar tables due to **randomisation** of small numbers (Subjected to Rounding)

It is important to note that the census unemployment figures do not include hidden unemployment, such as those who did not record themselves as part of the census (i.e. the homeless), those ineligible for benefit, and those on long-term sick leave. The total unemployment figure could therefore be higher.

2.1.4 Industry of Employment, Occupation and Transport to Work

Of the 47,807 (this total conflicts with previous employment figure) Port Phillip residents in employment, 34,648 are in full time positions, 12,357 are in part time positions, while 802 did

³ adjusted ABS Census figures

not specify. An analysis of the jobs held by the resident population in the City of Port Phillip in 2006 shows the three most popular industry sectors were: Professional, Scientific and Technical Services (7,895 persons or 16.5%), Health Care and Social Assistance (4,291 persons or 9.0%), Retail Trade (4,013 persons or 8.4%). In combination these three industries employed 16,199 people in total or 33.9% of the employed resident population. In comparison, the MSD employed 8.3% in Professional, Scientific and Technical Services; 10.0% in Health Care and Social Assistance; and 11.4% in Retail Trade.

The major differences between the jobs held by the population of the City of Port Phillip and the MSD were: A *larger* percentage persons employed in Professional, Scientific and Technical Services (16.5% compared to 8.3%); a *larger* percentage persons employed in Financial and Insurance Services (7.8% compared to 4.8%); a *smaller* percentage persons employed in Manufacturing (6.4% compared to 12.9%), and; a *smaller* percentage persons employed in Construction (3.8% compared to 7.3%).

Since the 2001 Census, the classification of businesses has been altered to meet new standards which have replaced the classifications of the [2006 Australian and New Zealand Standard Industrial Classification \(ANZSIC, 1993, first edition\)](#). The new classification system is explained below:

Industries are classified by grouping businesses which carry out similar productive activities. The [2006 Australian and New Zealand Standard Industrial Classification \(ANZSIC\)](#) provides the current framework for industry classification in Australia. This classification provides a contemporary and internationally comparable industrial classification system which includes information about "new economy" industries such as Information, Media and Telecommunications. As this is a new classification *only 2006 data is available*⁴.

Future Census' will record and compare industry data in accordance with this new classification framework. Previous Census recorded industrial classifications such as Property and Business Services, Health and Community Services and Accommodation, Cafes and Restaurants etcetera. These and other classification have been replaced, while some such as retail trade and manufacturing remain the same. For the purpose of this document we will use the new classifications.

Table 3 – Six Most Common Industries by Age Group (below) indicates that the predominant industry of employment is (use caps?) 'Professional, scientific & technical services', which represents 16.5% of the labour force, while 'retail' trade and 'Financial & Insurance services' are the next most prolific industries representing 8.4% and 7.8% of the labour force respectively. Since 2001, the number of residents employed in the 'financial & insurance services' increased from 6.9% to 7.8% (as a percentage of the total labour force) and marginal increases were also seen in 'retail', 'financial and insurance services', and 'accommodation, cafes and restaurants' (old classification). In contrast, 'property and business service industry' (old classification) decreased from 23.6% to 22.1%, the other industries with the most noticeable decreases in resident employment rates were 'manufacturing', and 'communication services'.

With regard to different age groups, 'professional, scientific & technical services' represent the entire 20+ age group as the most predominant industry of employment, while the retail trade is most common with the 15-19 year age group.

Table 3: Six Most Common Industries by Age Group (% of Total Work Force in each Age Group)

	15-19	20-24	25-34	35-44	45-54	55-64	65+
Manufacturing	5.5%						
Retail trade	27.2%	15.79%	7.5%				8.55%
Accommodation & food services	34.6%	17.6%					
Professional, scientific & technical services		12.3%	18.5%	17.3%	15.3%	14.87%	14.25%
Financial & insurance services			9.6%	8.14%			
Education & training					11.63%	11.05%	
Health care & social assistance				9.1%	11.29%	11.78%	10.52%

⁴ City of Port Phillip Community Profile.

An analysis of the occupations held by the resident population in the City of Port Phillip in 2006 shows the three most popular occupations were Professionals (18,074 persons or 37.8%), Managers (8,462 persons or 17.7%) and Clerical and Administrative Workers (6,669 persons or 13.9%). In combination these three occupations accounted for 33,205 people in total or 69.5% of the employed resident population.

In comparison, the MSD employed 22.6% as Professionals; 12.5% as Managers; and 15.9% as Clerical and Administrative Workers. The major differences between the occupations of the population of the City of Port Phillip and the MSD were: a *larger* percentage of persons employed as Professionals (37.8% compared to 22.6%); a *larger* percentage of persons employed as Managers (17.7% compared to 12.5%); a *smaller* percentage persons of employed as Technicians and Trades Workers (7.3% compared to 13.6%); and a *smaller* percentage of persons employed as Labourers (3.3% compared to 8.7%).

In addition, a slightly higher proportion of females are employed in 'Professional' occupations compared to males. Outside of the 'Management' and 'Professional's categories the 'Clerical and Administrative Workers' occupation is the predominant occupation for women (19.8% of all female workers), while 'Technicians and Tradespersons' are the most prevalent for men (10.69% of all male workers).

In terms of transport options to work, the 2006 Census data shows that, of the 47,807 employed persons, 44.9% (46.8% in 2001) use a car as their main form of transport, 23.5% (24.4% in 2001) take public transport (including taxis), 7.7% (5.5% in 2001) walk, 3.4% are car passengers, are 3.3% cycle (2.3% in 2001). The remaining workers use other motorised transportation methods, work from home or did not provide the information. The car driver based figure of (did they drive/carpool/share/any distinction?) 44.9% is considered high given that Port Phillip is centrally located within the public transport network. When compared with the MSD rate of 61.1% however, it is substantially low, and has reduced by almost 17% since 1996.

Public transport usage of 23.5% is notably high when compared with the MSD rate of 11.9%. Despite the slight decrease in public transport usage and private car transport to work, 42.3% of all households in Port Phillip own one car, 21.7% own two cars and 3.9% own three or more cars. Compared to 2001 figures, the 1 car ownership rate has reduced by 0.2%, but the 2 and 3+ car ownership rates are higher by 0.1% and 0.5% respectively. These ownership figures provide some indication of increasing affluence within the municipality.

2.1.5 Income

The Census collects information in relation to the income levels of all residents aged 15+. Based on the ABS data for 2006, the median weekly income range for individual residents within the municipality was \$762, \$1192 for households and \$1,860 families.

Figures contained in the ABS National Regional Profile for Port Phillip (provided by the Australian Tax Office) suggests that the average individual gross weekly earnings in Port Phillip is significantly higher than that recorded by the 2001 Census, equating to \$1028 in 2001, \$1038 in 2002 and \$1077 in 2003. It must be noted however, that these figures are extracted from Personal Tax Taxable Income data and therefore do not include non-taxable income, which could alter the average. In addition, as the Tax Office data is produced for Post Code areas, those post codes which overlap municipal boundaries could also skew the 'real' data for Port Phillip.

Table 4 illustrates the recorded average yearly and weekly earnings in individual post code areas as provided by the Australian Taxation Office for the period 2003-2004⁵

Table 4: Average Annual and Weekly Earnings in Port Phillip

Post Code	Suburb	Annual Gross Income	Weekly Gross Income	Municipal Average
3004	St Kilda Road	\$81,364	\$1,564.69	\$59,868 Per Year \$1,151.31 Per Week
3182	St Kilda & St Kilda West	\$50,449	\$970.17	
3183	Balaclava & East St Kilda	\$45,602	\$876.96	
3184	Elwood	\$53,861	\$1,035.79	
3185	Ripponlea	\$52,372	\$1,007.15	
3205	South Melbourne	\$60,376	\$1,161.07	
3206	Albert Park & Middle Park	\$71,272	\$1,370.62	
3207	Port Melbourne	\$63,650	\$1224.04	

With regard to weekly household income, the 2006 Census is the primary source of information, which does not necessarily accord with the ATO average income levels noted in Table 4. The Census figures do however, provide a valuable snapshot of household income.

Table 5 indicates that couples with children and childless couples have the largest earning capacity, with 76.7% of couples with children receiving over \$800 per week and 77.1% of childless couples receiving over \$800 per week. One parent families have significantly lower incomes, with only 39.6% of this group receiving over \$800 per week, and 64.6% of other-family households receiving over \$800 per week.

Table 5: Weekly Household Income

Income	Couple family with no children	Couple family with children	One parent family	Other family	Total
Negative/Nil income	85	16	38	31	170
\$1-\$149	82	31	50	20	183
\$150-\$249	28	8	100	11	147
\$250-\$349	46	25	227	18	316
\$350-\$499	560	65	105	37	767
\$500-\$649	401	150	377	73	1,001
\$650-\$799	177	138	172	35	522
\$800-\$999	282	192	156	63	693
\$1,000-\$1,199	780	327	205	106	1,418
\$1,200-\$1,399	597	223	97	58	975
\$1,400-\$1,699	674	372	140	55	1,241
\$1,700-\$1,999	768	380	102	35	1,285
\$2,000-\$2,499	1,305	477	42	89	1,913
\$2,500-\$2,999	1,175	858	124	38	2,195
\$3,000 or more	2,109	1,236	33	36	3,414
Partial income stated(c)	763	734	242	23	1,762
All incomes not stated(d)	132	63	59	17	271
Total	9,964	5,295	2,269	745	18,273

^cTotal No. of Families' excludes lone persons and residents in group households or those in non private dwellings, i.e. rooming houses. ^dIndicates median income

Analysis of individual income levels in the City of Port Phillip in 2006 compared to the MSD shows that there was a larger proportion of persons earning a high income (those earning \$1,000 per week or more) but a smaller proportion of low income persons (those earning less than \$400 per week). Overall, 31.3% of the population earned a high income, and 25.5% earned a low income, compared with 18.7% and 40.3% respectively for the MSD. (THIS IS THEN REPEATED HERE???) Analysis of household income levels in the City of Port Phillip in 2006 compared to the MSD shows that there was a larger proportion of high income

⁵ Australian Taxation Office, *Taxation Statistics 2003-04: A Summary of Tax Returns for the 2003-04 Income Year and Collections for the 2004-05 Financial Year*, <http://www.ato.gov.au/corporate/content.asp?doc=/content/70906.htm&mnu=35310&mp=001> (accessed 07 March 2007)

households (those earning \$1,700 per week or more) but a smaller proportion of low income households (those earning less than \$500 per week). Overall, 34.1% of the households earned a high income, and 16.1% were low income households, compared with 24.8% and 17.9% respectively for the Melbourne Statistical Division.). The earning power of non-family households in all cases is considerably lower than family households. This data does not represent residents in rooming houses or aged care facilities, whose income is likely to be below the median incomes presented in Table 5. The disparity between high and low household incomes in the municipality could therefore be greater than the figures contained in the Census data.

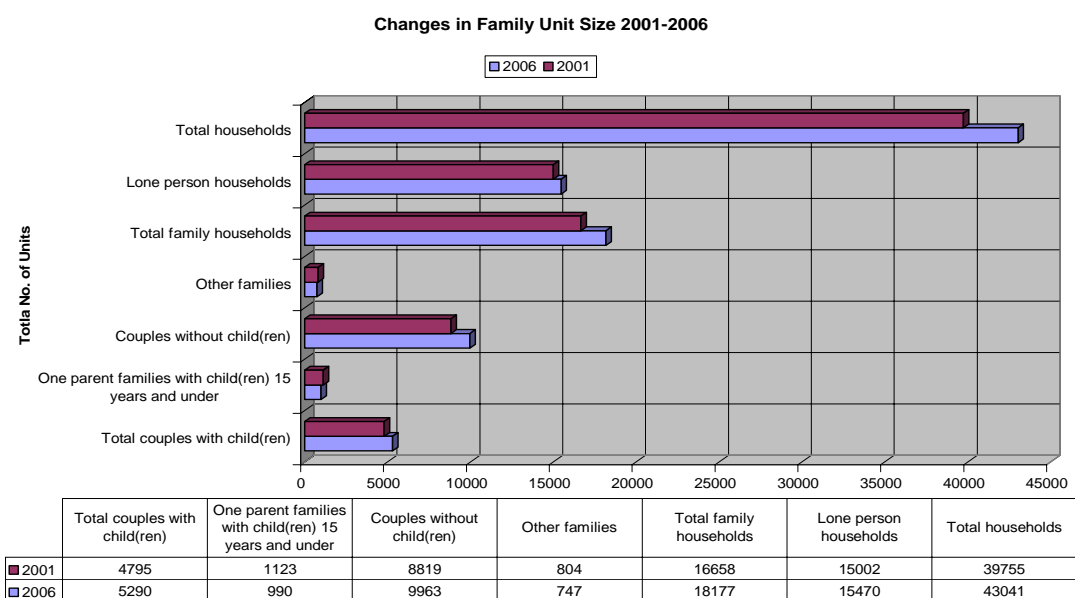
2.1.6 Family and Household Characteristics

Families are a vital part of society, forming the basic unit of home life for most Australian people. Measuring the number of families over time, including those who live alone or in group households, will provide information on potential housing structure against existing provision, as well as the increase or decline in average household size. This ultimately determines future housing requirements (i.e. by type, number and size).

It is important to acknowledge the data limitations of family statistics, especially those obtained and published by the ABS Census, given that the family classification does not currently distinguish between couple families who are childless and those who have children that do not live with them. Similarly, the 'one-parent family' category includes both families where there is a lone parent with young children and families where an aged parent lives with a mature adult child. This lack of distinction could have a bearing on future housing requirements.

Irrespective of this data limitation, the 2006 Census results remain the most reliable source of family and household information for Port Phillip at this time. This information indicates that in 2006 Port Phillip contained 18,260 families, which includes couples with children at home, couples without children at home, and one parent families. This represents an increase of 1,483 since 2001, which is not surprising given the overall population increase of 7,044 persons. The figures indicate that couples without children are the fastest growing family unit, increasing by 1519 since 2001, whilst the lone person household remains the dominant housing type (refer to Chart 2).

Chart 2

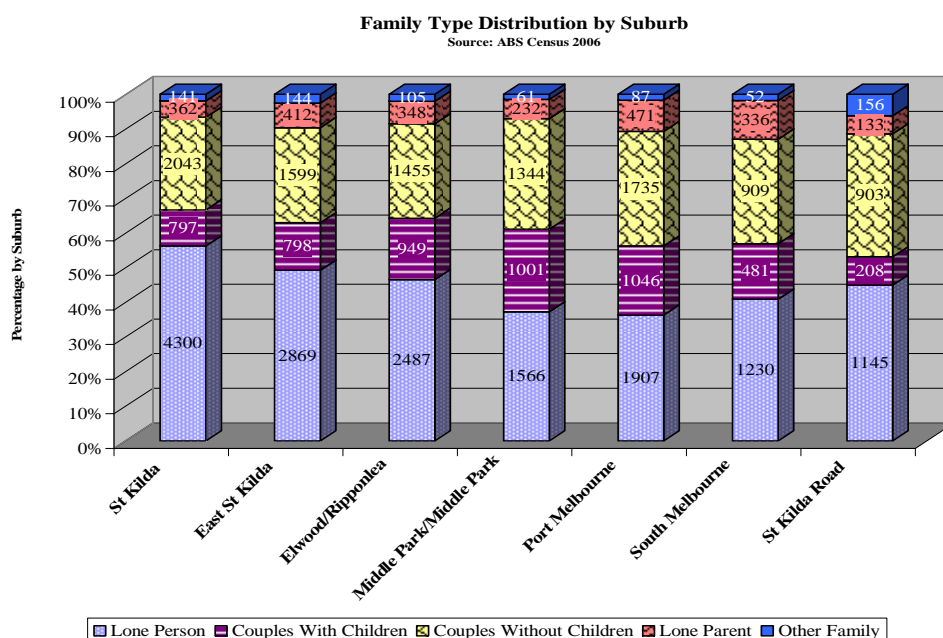


Overall, 29.0% of total families were couple families with child(ren), and 12.4% were one-parent families, compared with 48.4% and 15.4% respectively for the MSD. The largest changes in family types in the City of Port Phillip between 2001 and 2006 were: Couples without child(ren) (+1,144); Couples with child(ren) 15 years and under (+550); One parent

families with child(ren) 15 years and under (-133), and; Other families (-57). Comparing **Household types** between the City of Port Phillip and the MSD in 2006 reveals a smaller proportion of Family households, but a larger proportion of lone person households. Family households accounted for 42.2% of total households in the City of Port Phillip, while lone person households comprised 35.9% (and 68.6% and 22.7% respectively for the MSD).

Between 2001 and 2006,, there was an increase in the number of Family households (1519), an increase in lone person households (468) and an increase in group households (185). The low ratio of couples with children in Port Phillip is likely to have some impact on the amount of family-type housing available across the municipality, while the growth of childless couples and the dominance of lone persons could indicate a propensity for growth in the 1-2 bedroom development sector. This has implications for housing diversity and social mix across and within neighbourhoods. The distribution of family types varies considerably across the municipality, which is illustrated in Chart 3.

Chart 3



With regard to the number of households, the 2006 Census recorded that the municipality had 18,260 family households, 15,470 lone person households, 4,185 group households and 5206 other households (refer to Table 6)

Table 6: Household Distribution by Suburb

	Family	Lone Person	Group	Other	TOTAL Households in Suburb
St Kilda	3279	4300	1159	1545	10,283
East St Kilda	2914	2869	869	793	7445
Elwood / Ripponlea	2830	2487	671	953	6941
Middle Park / Albert Park	2647	1566	409	404	5026
Port Melbourne	3308	1907	448	713	6376
South Melbourne	1787	1230	239	263	3519
St Kilda Road	1428	1145	400	535	3508
TOTAL	18,193	15,504	4195	5206	43,098

NOTE: Table totals may not equate with other similar tables due to randomisation of small numbers.

The neighbourhoods with a large number of family households will inevitably contain more occupants per dwelling than those areas with a large number of lone person households,

resulting in some variation in household size between neighbourhoods. Overall, the average household size in Port Phillip is 1.9 persons, which is smaller than the MSD size of 2.6 persons per dwelling. This is primarily attributed to the very high proportion of lone person households (35.9%) in Port Phillip compared to the MSD (22.7%).

2.2 HOUSING PROFILE

This section focuses on housing statistics measuring tenure, rental/mortgage repayment costs, and home ownership levels, which provide important economic and social indicators that will influence the way in which housing meets community needs now and in future.

2.2.1 Dwelling Structure (Private Dwellings) and Household Preference

Port Phillip's housing stock is largely indicative of housing demand, but is not necessarily indicative of need. As noted in Section 2.1.6, Port Phillip has a low percentage of couples with children when compared to couples without children and lone persons, which indicates that there may be limited demand for large family-type housing. Such housing could however, be a future need to attract this household type to the municipality, in the interest of diversity and social mix.

Table 6 indicates the current dwelling structure for the municipality and specifically, the percentage of each private dwelling type (from the whole) and the percentage change over time since 1991 based on Census data. This illustrates where the development market is heading and provides an insight into the changing form of the built environment.

Table 7: Dwelling Structure (Private Dwellings)

DWELLING TYPE	1991		1996		2001		2006		% Change 1991-2006
	No. of dwellings	% of total	No. of dwellings	% of total	No. of dwellings	% of total	No of Dwellings	% of total	
Separate House	5899	15.5%	6193	15.6%	6174	13.9%	6,066	12.4%	2.8%
Medium Density	7990	21%	15289	38.6%	16416	36.9%	17466	35.6%	118%
High Density	19149	50.4%	12845	32.4%	16381	36.8%	19998	40.8%	4.4%
Caravan, Cabin, Houseboat	0	0%	3	0%	0	0%	4	0%	0%
Other	278	0.7%	281	0.7%	369	0.8%	163	0.3%	-41.3%
Not Stated	333	0.9%	1194	3%	414	0.9%	34	0.1%	-89%
Unoccupied	4343	11.4%	3853	9.7%	4714	10.65	5339	10.9%	22.9%
Total (including non respondents)	37992		39658		44468		49,070		29.1%

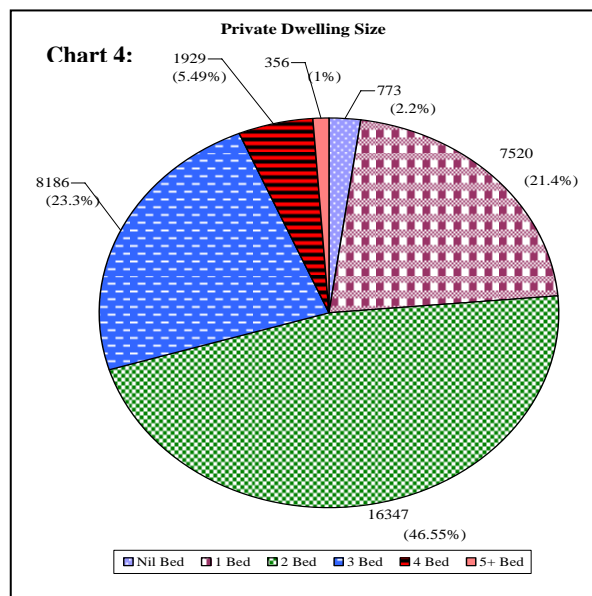
On the basis that the population has increased in size over time, it would be reasonable to expect the number of dwellings to increase proportionally. As evidenced in Table 7 however, the total number of dwellings increased by 1,733 between 1991 and 1996, yet between 1996 and 2001, the number of dwellings increased by 4,815 and between 2001 and 2006 there was an increase of 4, 602 dwellings. This indicates that housing development was significantly more active in the second half of the 1990s than the first half, but does not correspond to population increases over the same time period. With the release of the 2006 Census results it is clear that housing development has continued to grow in a similar trend (ie: to outpace the growth in families/number of households?) .

Council's building register indicates that between 2001-2003, 2,954 new dwellings were constructed, while between January 2001 – August 2004, 5,194 dwellings were approved (excludes the 2,954 constructed). This suggests that the housing development market remains buoyant, and that the vast majority of the new dwellings, both approved and constructed, were multi-unit developments. This accords with the trend of the last decade.

The Census statistics in Table 7 also indicate that that the built form trend in the municipality is towards high-rise development, dominated by high density development. In the five years between 2001 and 2006 the city lost 108 separate dwellings to consolidation, whilst an additional 1,050 medium density dwellings, 3,617 high density dwellings (flats/apartments, 3+ storey), and 4 additional caravans were added to the local housing stock(?).

In 2006, there were 6,066 households who occupied a separate house in the area, while 17,466 occupied a medium density dwelling, and 19,998 occupied high density flats and apartments. Analysis of the types of dwellings of the households in the City of Port Phillip in 2006 compared to the MSD shows that 12.4% occupied a separate house; 35.6% occupied a medium density dwelling; while 40.8% occupied high density dwellings, compared with 66.1%, 19.6%, and 5.7% respectively in the MSD. The largest changes in the type of dwellings occupied by households in the City of Port Phillip between 1991 and 2006 were for those occupying a Medium density dwelling (+9,476 dwellings); High density dwelling (+849 dwellings); Separate house (+167 dwellings), and; Other (-115 dwellings). Some of this dramatic increase in medium density dwellings may be accounted to the change in terminology; in past census dwelling types were categorised as ‘townhouse’, ‘1-2 storey block’ and ‘3+ storey block’(s), these now fall under the broad title of ‘medium density’.

With regard to number of bedrooms, two bedroom properties are most prevalent in the municipality, with 46.55% of all households in private dwellings occupying two bedroom accommodation (refer to Chart 4). Three bedrooms are the most common for detached dwellings.



Overall:

- nil bedroom properties (which include bedsitters) are occupied by 773 households (2.2% of households, compared with 0.47% of households in the Melbourne Metro Region);
- one bed properties are occupied by 7,520 households (21.4% of households, compared with 4.8% in Melbourne Metro);
- two bed properties are occupied by 16,347 households (46.55% of households, compared with 21.8% in Melbourne Metro);
- three bed properties are occupied by 8,186 households (23.3% of households, compared with 49.5% in Melbourne Metro);
- four bed properties are occupied by 1,929 households (5.49% of households, compared with 19% in Melbourne Metro), and
- 5+ bed properties are occupied by 356 households (1% of households, compared with 3.7% in Melbourne Metro).

In comparison to the Melbourne Statistical Division, Port Phillip's housing stock is noticeably smaller. This is largely due to the fact that Port Phillip has a greater proportion of flat, unit and apartment dwellings and a lower proportion of separate houses compared to the Melbourne Metro offer, where the detached house is the private development of choice. Note: The 2006 Census has not collected data on the number of bedrooms within dwellings.

2.2.2 Tenure

Table 8 indicates that of the 43,740 occupied private dwellings in Port Phillip in 2006, just under half were rented, nearly a quarter were fully owned and 20.3% were being purchased. While there were increases in the number of households in all categories with the exception of State Housing (which has decreased over time), the percentage breakdown in each tenure category remains relatively the same, suggesting that the purchase and rental market has been relatively stable.

Table 8: Tenure Type

	1991		1996		2001		2006		Change 1991-2006
	No. of dwellings	% of Total	No. of dwellings	% of Total	No. of dwellings	% of Total	No. of dwellings	% of total	
Fully Owned	7,938	23.6%	8,527	23.8%	9,392	23.6%	7,927	18.1%	-27
Being Purchased	4,978	14.8%	5,953	16.6%	6,600	16.6%	8,865	20.3%	3,897
Rented:									
State/Territory Housing Association	(2,016)	(5.9%)	(1,892)	(5.2%)	(1,899)	(9.9%)	(1,981)	(4.5%)	-361
Other landlord type	(15,316)	(45.5%)	(16,063)	(44.8%)	(16,951)	(42.6%)	(18,256)	(41.7%)	3,265
Total Rental (including non response to landlord question)	17,905	53.2%	18,065	50.4%	19,045	47.9%	20,536	47%	2,639
Other Tenure Type (includes non responses to tenure type)	2,789	8.2%	3,254	9%	4,718	11.8%	6,244	14.3%	5,884
Total	33,610	99.8%*	35,799	99.8%*	39,755**	99.9%*	43,740**	99.7*	10,095

(* Subjected to Rounding)(**occupied dwellings)

Analysis of the housing tenure of the population of the City of Port Phillip in 2006 compared to the MSD shows that there was a smaller proportion of households who owned their dwelling; a smaller proportion purchasing their dwelling; and a larger proportion who were renters. Overall, 18.1% of the population owned their dwelling; 20.3% were purchasing, and 47.0% were renting, compared with 33.1%, 34.6% and 24.5% respectively for the MSD.

Middle Park / Albert Park and Port Melbourne have the highest percentage of fully owned dwellings, while St Kilda and East St Kilda have the highest percentage of rented dwellings. Only in Middle Park / Albert Park does full home ownership outweigh the rental property market.

2.2.3 Social Housing.

The analysis of public housing is deficient on the allocation and spread of public housing, primarily because the Census figure for public housing dwellings is lower than the actual number (many respondents are unaware of the actual classification of their dwelling or are unwilling to identify themselves as public housing tenants). In addition, the extent of non-private dwellings (i.e. rooming houses and supported residential services), are also ineffectively classified in the Census, which means that residents who reside in such establishments may be miscounted and thus under represented. As a result, some reliance on local data prepared by Council is necessary.

The 2006 Census data indicates that there are 1,981 (+82 since 2001) public housing dwellings in the municipality⁶, however this figure is an under-representation of the total number of public housing dwellings given the methodological problems with receiving accurate

⁶ 2006 Census

data. The Office of Housing data is more reliable and indicates that there are 3,386 social (public and community) housing dwellings in Port Phillip, 2,472 of which comprise public housing and 914 of which comprise community housing (73% and 27% of social housing respectively).

While an element of public housing is found in all Port Phillip's neighbourhoods (with the exception of St Kilda Road), the largest concentration is in South Melbourne and the lowest concentration is in Elwood/Ripponlea.

With regard to non-private dwellings, (on Census night 2006) there were 4,535 (+182) residents recorded in such establishments, which represents 5.3% of Port Phillip's total population. This includes 2,329 people staying in hotels or motels, 873 staying in boarding houses/private hotels and 15 people in hostels for the disabled. In addition, 37 people were counted in hostels for the homeless, although this figure is indicative only and cannot be relied upon for strict accuracy. Other social research sources have identified that there were approximately 3,552 homeless people in the Inner Region in 2001,⁷ of which it would be expected to include more than 29 people in Port Phillip.

With regard to the hotel/motel and boarding house/private hotel population, it is assumed that this includes residents of Port Phillip's rooming houses. It is noted however, that in September 2003 Council's records indicated that 1,220 beds were provided in 62 establishments (25 privately run and 37 community run), and it is likely that all rooming house beds are occupied most of the time.

Between 2000-2003 there was a loss rate of private rooming houses of approximately 12% per year, generally attributed to their redevelopment into private dwellings. To counter this loss, the provision of community rooming houses increased, thereby reducing the net loss in rooming houses as a whole to an average of 6% per year between 2000-2003.

2.2.4 Housing Affordability

While there is debate on the definition of 'affordable housing' and the methodology for measuring 'housing affordability', one of the most commonly used definitions is *"well located housing, appropriate to the needs of a given household, where the cost (whether rent or mortgage repayment) is no more than 30% of that household's income."* This is known as a benchmark measure and implies that housing costs that exceed 30% of the household income are considered to place the household under housing stress. This is most notably applicable to low-income households (i.e. those in the lower 40% of the income distribution scale) but is increasingly extending to moderate income households. It should be noted that this benchmark, while being broadly used by the Office of Housing, housing theorists and researchers, is a generalisation and will vary according to the characteristics of households, the type of housing and the location of housing.

Housing Stress

Research undertaken by SGS Economics and Planning in June 2004 for the Inner Regional Housing Working Group indicated that at the time of publication, there were 16,202 low income rental households in Melbourne's inner region, of which 63% were living in housing stress. In addition, there were 1,305 low income households in the process of buying a home in the region, of which 69% were living in housing stress.⁸ Tables 9 and 10 reproduce the SGS information for the Port Phillip neighbourhoods.

Table 9: Private Rental Households in Housing Stress

Statistical Local Area	No. of Private Rental Households	No. of Low Income Private Rental Households	Proportion of Low Income Private Rental Households	No. of Households in Housing Stress	Percentage of Low Income Households in Housing Stress
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⁷ Chamberlain, C., Johnson, G. and Theobald, J. – Homelessness in Melbourne: Confronting the Challenge (February 2007), p.40

⁸ SGS Economics and Planning - Affordable Housing in Melbourne's Inner Urban Region (June 2004), p.5

Port Phillip C – St Kilda	12,295	3,246	26%	2,413	74%
Port Phillip C – West	4,656	1,616	35%	711	44%
Neighbourhood*	No. of Private Rental Households	No. of Low Income Private Rental Households	Proportion of Low Income Private Rental Households	No. of Households in Housing Stress	Percentage of Low Income Households in Housing Stress
Balaclava/St Kilda East	810	1106	30.4%	810	73%
St Kilda/St Kilda West	969	1,351	24.9%	969	72%
Elwood	591	737	21.3%	591	80%
South Melbourne	365	795	32.1%	365	46%
Port Melbourne	191	527	27.7%	191	36%
Middle Park	157	287	19.0%	157	53%
Melbourne (St Kilda Rd & Queens Rd)**	80	88	10.2%	80	91%

(*No data provided for Albert Park

**Indicates cross-boundary neighbourhood with City of Melbourne)

Table 10: Home Purchaser Households in Housing Stress

Statistical Local Area	No. of Home Purchaser Households	No. of Low Income Home Purchaser Households	Proportion of Low Income Home Purchaser Households	No. of Households in Housing Stress	Percentage of Low Income Households in Housing Stress
Port Phillip C – St Kilda	4,021	355	9%	238	67%
Port Phillip C – West	2,393	139	6%	99	71%
Neighbourhood*	No. of Home Purchaser Households	No. of Low Income Home Purchaser Households	Proportion of Low Income Home Purchaser Households	No. of Households in Housing Stress	Percentage of Low Income Households in Housing Stress
Balaclava/St Kilda East	1,403	127	9.1%	90	71%
St Kilda/St Kilda West	1,456	94	6.5%	81	86%
Elwood	1,279	86	6.7%	65	76%
South Melbourne	703	36	5.1%	33	92%
Port Melbourne	938	47	5.0%	35	74%
Middle Park	741	27	3.6%	24	89%
Melbourne (St Kilda Rd & Queens Rd)**	259	10	3.9%	10	100%

(*No data provided for Albert Park

**Indicates cross-boundary neighbourhood with City of Melbourne)

Rental Housing Affordability

The most up to date data on the private rental housing market in Victoria is the March 2008 quarterly Rental Report published by the Office of Housing. The measure of low to moderate income wage earner affordability is based on the percentage of income that would be spent by a single person or a single-income couple with two children to rent a suitable median priced dwelling (one bedroom and three bedroom respectively). Incomes are set at the level of the minimum wage \$543.70 a week.(approx \$30,447 pa), as well as the average weekly earnings (\$49,901 pa). Eligible Centrelink payments have also been added to the incomes.

The Report indicates that at minimum wage levels, both single person households and couples with children do not meet the accepted affordability benchmark (discussed in Section 2.2.4). At the March Quarter 2008, singles earning the minimum wage spent 39.1% of income renting a median priced one bed dwelling in the metropolitan area, while couples with two children on a single minimum wage and Centrelink family payments renting a median priced three bed dwelling spent 31.8% of their income. At average weekly earning levels, affordability outcomes are reported to be more satisfactory for both single person and family households.

Table 11 reproduces the Office of Housing data for median rents within the municipality between December 2005 and December 2006 by major property type, along with the level of rental affordability. From March 2006, rents have steadily increased for one and two bedroom apartments, while rents for two and three bedroom houses have fluctuated. The Rental Report

indicates that only 1% of rental properties within the municipality are affordable to households on minimum wages.

Households receiving Centrelink payments therefore generally cannot afford to live in Port Phillip unless they live in social housing, live in poverty after housing costs, or live in substandard housing or housing of inadequate size or type with lower rentals. There is an inadequate supply of social housing to cater for the needs of low income households, along with indefinite waiting periods for such housing.

Rental affordability is therefore a significant issue for low income households, and may result in low income households relocating to outer suburban locations where they have limited social connections, there is inadequate access to public transport and community services, and there is a poor variety of housing diversity to cater for differing household types.

Table 11: Office of Housing Rental Report Median Rents Data for Dec 2005 – Dec 2006

	1 Bed Apartment			2 Bed Apartment			2 Bed House			3 Bed House		
	Count	Median	Ave % Change	Count	Median	Ave % Change	Count	Median	Ave % Change	Count	Median	Ave % Change
Dec 2006	430	\$250	11.1%	472	\$330	10.0%	49	\$380	11.8%	40	\$508	12.8%
Sep 2006	582	\$230	9.5%	719	\$320	8.5%	67	\$350	2.9%	54	\$450	0.0%
Jun 2006	532	\$228	1.1%	571	\$310	6.9%	51	\$350	0.0%	58	\$468	2.7%
Mar 2006	446	\$220	66.0%	513	\$275	71.9%	57	\$360	111.8%	54	\$431	115.3%
Dec 2005	580	\$225	4.7%	642	\$300	0.8%	66	\$340	-2.9%	45	\$450	7.8%

	1 Bedroom		2 Bedroom		3 Bedroom		4+ Bedroom		Total	
	Affordable	Percent	Affordable	Percent	Affordable	Percent	Affordable	Percent	Affordable	Percent
Dec 2006	3	1%	6	1%	1	1%	0	0%	10	1%
Sep 2006	7	1%	2	0%	0	0%	1	4%	10	1%
Jun 2006	5	1%	8	1%	3	2%	3	14%	19	1%
Mar 2006	4	10%	8	1%	1	0%	2	8%	15	1%
Dec 2005	6	0.8%	10	1.1%	0	0%	0	0%	16	0.9%

In addition to the rental affordability issues facing low income households, data provided by the Swinburne Institute for Social Research (May 2007) also indicates rental affordability issues for moderate income households. The figures indicate that the municipality's median annual income of \$59,000 is not sufficient to cover the cost of two and three bedroom rental dwellings, and whilst the median annual income is sufficient to cover the cost of one and two bedroom apartments, the rental costs of these properties is still substantially higher than Metropolitan Melbourne.

2.2.5 Home Purchase Affordability

The Victorian Property Sales Report published by Land Victoria for the DSE in March 2007 provides the most up to date factual picture of sales prices from October 2005 to December 2006. It is noted however, that information on house/apartment size is lacking, which is a significant limitation when trying to understand the cost variance between properties of differing sizes.

Table 12: Median House Prices

Suburb	Oct-Dec 05	Jan-Mar 06	Apr-Jun 06	Jul-Sep 06	Oct-Dec 06	No. of Sales YTD	Price Change (%)	
							Jan-Mar to Oct-Dec 06	Jul-Sep to Oct-Dec 06
Albert Park	\$750,000	\$717,500	\$678,000	\$748,000	\$730,000	117	1.7	-2.4
Balaclava	\$486,500	\$510,500	\$527,750	\$540,000	\$550,000	42	7.7	1.9
Elwood	\$775,000	\$790,000	\$708,500	\$686,000	\$772,500	108	-2.2	12.6
Middle Park	\$891,250	\$878,750	\$875,000	\$780,000	\$785,000	51	-10.7	0.6

Port Melbourne	\$556,000	\$630,500	\$621,500	\$625,000	\$615,000	190	-2.5	-1.6
South Melbourne	\$608,250	\$586,250	\$625,000	\$572,250	\$552,500	134	-5.8	-3.5
St Kilda	\$529,500	\$499,000	\$620,000	\$628,000	\$616,250	83	23.5	-1.9
St Kilda East	\$510,000	\$670,000	\$601,000	\$623,000	\$532,500	60	-20.5	-14.5
St Kilda West	\$852,500	\$1,161,000	\$1,192,500	\$940,000	\$932,875	22	-19.6	-0.8

(Source: DSE Victorian Property Sales Report March 2007)

Table 13: Median Apartment Prices

Suburb	Oct-Dec 05	Jan-Mar 06	Apr-Jun 06	Jul-Sep 06	Oct-Dec 06	No. of Sales YTD	Price Change (%)	
							Jan-Mar to Oct-Dec 06	Jul-Sep to Oct-Dec 06
Albert Park	\$300,000	\$515,000	\$462,500	\$569,750	\$318,000	28	-38.3	-44.2
Balaclava	\$292,000	\$285,000	\$266,666	\$288,000	\$278,250	52	-2.4	-3.4
Elwood	\$358,500	\$394,000	\$373,750	\$352,000	\$342,500	343	-13.1	-2.7
Middle Park	\$347,500	\$550,000	\$650,000	\$458,000	\$425,000	26	-22.7	-7.2
Port Melbourne	\$450,000	\$514,000	\$463,000	\$439,800	\$380,200	385	-26.0	-13.6
South Melbourne	\$357,500	\$390,000	\$397,500	\$365,000	\$380,000	215	-2.6	4.1
St Kilda	\$315,000	\$310,000	\$300,000	\$335,000	\$303,750	543	-2.0	-9.3
St Kilda East	\$269,500	\$295,000	\$310,000	\$299,000	\$301,000	243	2.0	0.7
St Kilda West	\$321,500	\$307,000	\$292,500	\$342,000	\$272,000	53	-11.4	-20.5

(Source: DSE Victorian Property Sales Report March 2007)

Tables 12 and 13 provide an indication of the current state of the housing market and allow the determination of the income required to purchase the median dwelling in each neighbourhood. This is known as the 'Threshold Income' test (i.e. the necessary income required to cross the threshold into home ownership), which is based upon certain assumptions about lending criteria and interest rates and ultimately determines whether an affordability problem exists in the different neighbourhoods. It is also useful for identifying the scale of an affordability problem, as it reduces the data to a single meaningful figure. For the purpose of this Strategy, it is assumed that the mortgage will not cover more than 90% of the value of the property (10% being the deposit), the loan period will be 25 years (the average home loan lifespan), the interest rate will be 8% (based on the current average fixed interest rates) and no more than 30% of income will go towards paying off the loan (in line with the common affordability benchmark discussed in Section 2.2.4).

Table 14: Household Income Required to Purchase the Median Priced House, Oct-Dec 2006

Suburb	Median House Price	Required Mortgage	Annualised Mortgage	Threshold Income
Albert Park	\$730,000	\$657,000	\$52,869	\$176,207
Balaclava	\$550,000	\$495,000	\$39,833	\$132,759
Elwood	\$772,500	\$695,250	\$55,947	\$186,466
Middle Park	\$785,000	\$706,500	\$56,852	\$189,483
Port Melbourne	\$615,000	\$553,500	\$44,540	\$148,449
South Melbourne	\$552,500	\$497,250	\$40,013	\$133,362
St Kilda	\$616,250	\$554,625	\$44,631	\$148,750
St Kilda East	\$532,500	\$479,250	\$38,565	\$128,535
St Kilda West	\$932,875	\$839,588	\$67,562	\$225,178
Melbourne Metro	\$325,000	\$292,500	\$23,537	\$78,449

Table 14 indicates that the purchase of a median priced house in the Melbourne Metro area between October and December 2006 required a threshold income of \$78,449. Using this benchmark, it is evident that there is a low level of housing affordability in all of the neighbourhoods in Port Phillip, compared to the Melbourne Metro area.

Table 15: Household Income Required to Purchase the Median Priced Apartment, Oct-Dec 2006

Suburb	Median Apartment Price	Required Mortgage	Annualised Mortgage	Threshold Income
Albert Park	\$318,000	\$286,200	\$23,031	\$76,759
Balaclava	\$278,250	\$250,425	\$20,152	\$67,164
Elwood	\$342,500	\$308,250	\$24,805	\$82,673
Middle Park	\$425,000	\$382,500	\$30,780	\$102,587
Port Melbourne	\$380,200	\$342,180	\$27,535	\$91,773
South Melbourne	\$380,000	\$342,000	\$27,521	\$91,724
St Kilda	\$303,750	\$273,375	\$21,998	\$73,319
St Kilda East	\$301,000	\$270,900	\$21,799	\$72,655
St Kilda West	\$272,000	\$244,800	\$19,699	\$65,655
Melbourne Metro	\$296,000	\$266,400	\$21,437	\$71,448

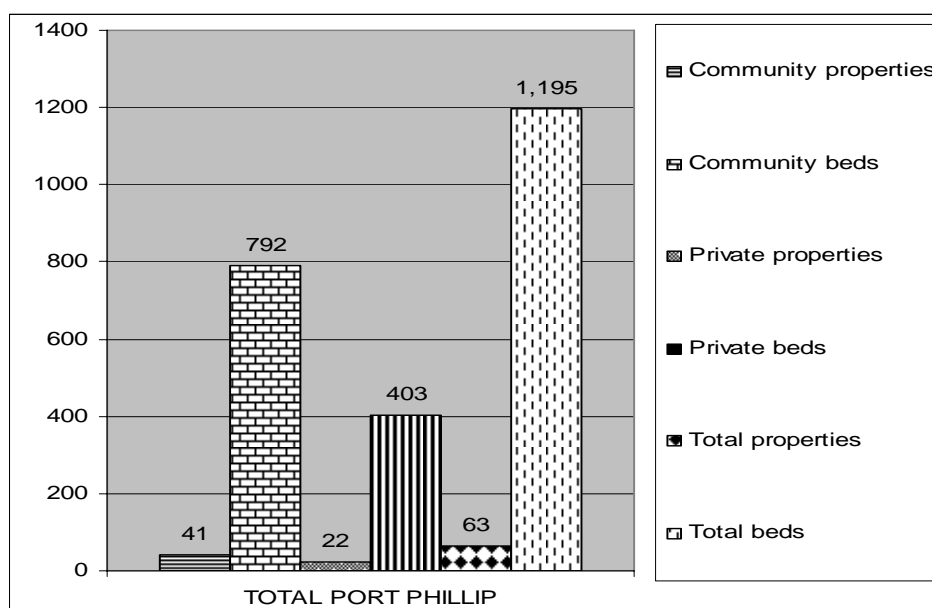
Table 15 indicates that although the median priced apartment income threshold in Port Phillip is more closely aligned with the Melbourne Metro area than the house market, only two neighbourhoods (Balaclava and St Kilda West) require a lower income threshold than the Melbourne Metro area.

To put home ownership affordability in Port Phillip into perspective, it is necessary to reflect back on the median family household income, which was recorded by the 2001 Census as \$400-\$499 per week (i.e. \$20,800-\$25,948 pa), and the non-family household median income of between \$500-\$599 per week (i.e. \$26,000-\$31,148 pa). The threshold income in both cases is not sufficient to purchase a house or an apartment in the municipality. The high price of home ownership in Port Phillip is further highlighted by the fact that in June 2004 there were almost 10 times as many low income rental households in the municipality than there were low income home purchaser households, as indicated in Tables 9 and 10.

2.2.6 Rooming Houses

Port Phillip has 63 total rooming houses containing 1,195 beds. These rooming houses comprise community housing (owned by the Office of Housing, City of Port Phillip, charitable organisations, churches or community housing organisations) and private rooming houses. There are 41 community rooming houses and 22 private rooming houses (65% and 35% of total rooming houses respectively).

Chart 5: Rooming Houses in Port Phillip- Number and Distribution June 2007



Prior to local government amalgamation in 1994, the counting of rooming house supply was only undertaken by the City of St Kilda. An analysis of figures indicates that rooming house supply has decreased dramatically – in 1954 the number of rooming houses in St Kilda peaked at 636 premises (housing an estimated 9,500 persons), which has declined to 70 premises (housing an estimated 1,200 persons) by 1994.⁹

Since the amalgamation in 1994, counting of rooming houses has been undertaken for the whole of the municipality, distinguishing private from community rooming houses. The figures in Table 16 show a continued decline in the number of private rooming houses between 1997 and 2007 (55% decline over 10 years) and an increase in the number of community rooming houses (41% increase over 10 years). The increase can be attributed to the activities of the Office of Housing, City of Port Phillip, South Port Community Housing Group, St Kilda Community Housing and Port Phillip Housing Association. The increased supply of community rooming houses has in effect, slowed the loss of total rooming houses (19% decline over 10 years) and rooming house beds (13% decline over 10 years).

Table 16: Trends in rooming house supply in the City of Port Phillip – 1997-2007

	Private rooming houses				Community rooming houses				Total rooming houses			
	'97	'00	'03	'07	'97	'00	'03	'07	'97	'00	'03	'07
Houses	49	39	25	22	29	35	37	41	78	74	62	63
Beds	910	819	577	403	459	519	643	792	1369	1338	1220	1195

The distribution of Port Phillip's rooming houses is varied across the municipality – 74% are located in St Kilda (accounting for 95.5% of Port Phillip's private rooming houses), 21% are located in South Melbourne (mostly community rooming houses), and 5% are located in Port Melbourne (all community rooming houses). Table 17 indicates the rooming house distribution by properties and beds within the three neighbourhoods (former local government areas). Most of the community rooming houses in South and Port Melbourne are located in the Emerald Hill area and are managed by South Port Community Housing Group, while St Kilda's rooming houses (private and community) are concentrated in the St Kilda Hill and West St Kilda areas.

Table 17 Rooming house distribution by properties and beds, City of Port Phillip June 2007

	Community properties	%	Community beds	%	Private properties	%	Private beds	%	Total properties
St.Kilda	26	63%	569	72%	21	95%	396	98%	75%
South Melbourne	12	29%	183	23%	1	5%	7	2%	21%
Port Melbourne	3	7%	40	5%	0	0%	0	0%	5%
TOTAL PORT PHILLIP	41	100%	792	100%	22	100%	403	100%	100%

The ongoing loss of private rooming houses, which is mitigated by the provision of new community rooming houses, creates a need for strategies to continue to support the remaining private rooming houses and encourage new community rooming houses.

2.3 IMPLICATIONS OF THIS DATA FOR THE HOUSING STRATEGY

The changing age structure of the local population impacts upon the average household size

⁹ City of Port Phillip Housing Strategy 1997, section 3.2.4.4 and Appendix 8.

and their housing requirements. The demographic trends for Port Phillip indicate the city will see an increase in the older population, which will place additional pressure on services for older people and will result in a population with varying accommodation needs. The Strategy therefore needs to address how the changing population will be accommodated.

In terms of household structure, the data indicates that couples without children are the fastest growing family unit within the municipality, while lone-person households are the dominant housing type. These household structures are likely to have some impact on the amount of housing available for family units with children and for low income households and the disadvantaged, which are underrepresented housing types in the municipality. The Strategy therefore needs to recognise the importance of providing housing for the dominant housing types, whilst at the same time addressing the housing needs of other groups, including the provision of family housing, affordable housing and social housing.

The data suggests that the provision of small housing units and apartments is influenced by a combination of both demand and supply factors. While smaller households generally prefer smaller units, this demand is constrained by the high cost of new housing, forcing small households to buy or rent smaller units than they would otherwise prefer. Overall, the data emphasises the need to maintain a diverse housing stock within the municipality to cater for all residents (current and projected).

In relation to non-private dwelling provision, there is a continual high demand for rooming house beds and there is a lack of control over the loss of private rooming house establishments. As such, there needs to be a continued investment in the community provision and this should be addressed by the Strategy.

3. The Building Blocks: Government Policy

3.0 INTRODUCTION

Commonwealth and State Governments' legislation and policy directly influence the provision and cost of housing in the City of Port Phillip. Commonwealth policy has a major influence on housing supply and demand, through the setting of economic policy, taxation policy, pension benefits, immigration levels, and residential aged care, which in turn influences interest rates, income levels and employment. The Commonwealth Government provides social housing funding to the States via the Commonwealth State Housing Agreement (CSHA), rent assistance to eligible individuals receiving Centrelink payments, and one-off payments of \$7,000 to first time home buyers through the First Home Owners Grants (FHOG). Funding support to people experiencing homelessness via Supported Accommodation Assistance Scheme (SAAP) is also provided. The recently agreed Framework for National Action on Affordable Housing (2005) suggests that in the future, there will be a significantly different policy framework and system for provision of affordable housing.

The State Government utilises, matches and sometimes adds to the funds provided by the Commonwealth Government to directly fund some social housing developments. Since 2005 however, it has moved future focus away from direct construction and management of this housing and intends to increasingly rely on registered Housing Associations to construct and manage properties, in partnership with the Office of Housing.

The State Government also sets planning policy relating to housing provision, and provides the statutory framework for delivering this policy through the Victoria Planning Provisions (including the State Planning Policy Framework, and the suite of zones, overlays and other planning provisions)..

The Housing Strategy has been developed within this context, and will need to be executed in a large part through the tools available through the Victoria Planning Provisions (primarily the Municipal Strategic Statement) as well as through advocacy to, and partnerships with, Commonwealth and State Government, Housing Associations and private developers.

Main Principles

In accordance with State Government guidance, Housing Strategies are locally-agreed plans with a long-term vision outlining clear objectives and priorities for housing provision and development framed within, and consistent with, Council and Community Plans. The Housing Strategy will also assist in creating a strategic basis for the Local Planning Policy Framework and the application of zones, overlays and other statutory tools for implementation.

The primary aim underpinning the Housing Strategy process is that of developing means through which local councils and their partners, assess, plan and meet the housing requirements of their areas. This emphasises the need to take a strategic approach to service development and strongly asserts the local council in the community leadership role. Guidance issued by State Government since 2001 emphasises that local housing strategies should be situated within the overarching framework of the Inner Regional Housing Strategy and therefore should:

- Address housing needs, demands and requirements across and within all identified tenures (i.e. both public and private sectors);
- Address the housing requirements of all sections of the community, championing the rights of all housing consumers in the area;
- Harness the contributions and capacity of all relevant local stakeholder organisations; and

- Look beyond traditional administrative boundaries and traditional forms of accommodation (i.e. 'cross-boundary working').

In achieving these elements, strategies must be soundly evidenced, process-led but outcome based, involve all sections of the community and be developed, implemented and monitored in conjunction with a wide range of partner agencies and organisations in order to ensure a 'local' emphasis.

The National, State, Regional and Local Housing Framework

The Housing Strategy reflects the impact in Port Phillip of national, state, regional and local housing planning and policy influences. Therefore, it is important that the role that these influences play in Port Phillip is explained. This also helps to provide the context for the specific strategic objectives that have been identified in the Strategy.

3.1 NATIONAL CONTEXT

There is currently no comprehensive or integrated national housing policy for Australia, with the Commonwealth Government devolving responsibility for housing direction and provision to the individual States. The current Commonwealth Government policy position in relation to housing is that the market should operate as freely as possible, and that the Government's responsibility is to the most disadvantaged. The direct role of the Commonwealth Government in housing policy therefore relates largely to income support, although it is noted that at the end of August 2005, a joint meeting between the Commonwealth, State and Territory Ministers for Housing, Local Government and Planning expressed agreement to work towards a Framework for National Action on Affordable Housing. This is a three year programme to achieve a strategic, integrated and long term vision for affordable housing and it is anticipated that this Framework will address the shortfall of affordable housing evident in all States.

The Framework includes four commitments:

- Commitment 1: Create a *National Sector Development Plan* for not for profit housing providers that will enable them to participate in large scale affordable housing initiatives.
- Commitment 2: Adopt a national approach to defining and analysing affordable housing need at geographic levels that can be reflected in planning policy and regulations and provides comparable standards of affordability.
- Commitment 3: Review current subsidy streams and investigate the potential to strengthen certainty in light of the commitment to increase the role of the private sector and the development of the not for profit sector.
- Commitment 4: Identify mechanisms and policy initiatives that will deliver increased affordable home ownership and rental opportunities for low-moderate income households for consideration by Ministers.

The two main Commonwealth programs dedicated specifically to housing are the Commonwealth-State Housing Agreement (CSHA) and Commonwealth Rent Assistance (CRA).

3.1.1 Commonwealth-State Housing Agreement (CSHA)

The CSHA is a joint Commonwealth-State arrangement which aims to assist both renters and purchasers obtain appropriate accommodation. The CSHA was established in 1945 under the Chifley Labour Government in response to a Housing Commission Report that advised that there was an estimated housing shortage of 300,000 dwellings. The intent of the CSHA was for the Commonwealth to make financial allocations to the States to provide housing in their areas to overcome this shortage, and for the States to 'top-up' the funding to provide various housing programs as well as assist low income persons purchase homes.

The main identified funding priorities of the CSHA remains public housing, community housing, crisis accommodation, Aboriginal rental housing, private rental support and home ownership support. Commonwealth-State Housing Agreements were negotiated with the States in 1945,

1956, 1973, 1978, 1981, 1984, 1989, 1996, 1999 and 2003 with the latter due to run until 30 June 2008. The 2003 CSHA dedicated more than \$4.75 billion to housing assistance, although public investment in new housing stock has been severely constrained by operating and maintenance costs, which is absorbing most of the current funding.

3.1.2 Commonwealth Rent Assistance (CRA)

The other major form of Commonwealth Government involvement in housing is not on the supply side but on the demand side, via assistance to low income private renters through the CRA program. Assistance is in the form of a non-taxable income supplement paid to people who receive certain Centrelink income support payments or more than minimum family payment, in recognition of housing costs in the private market. These payments are made on a fortnightly basis and are set at a level determined by type of household and household income, rent obligation and other factors. The CRA program is essentially a form of income assistance, and, as with the CSHA, is not integrated into a housing policy.

In addition to the CSHA and CRA to private renters, the Commonwealth also provides housing assistance in a range of other forms (often in partnership with State and Territory Governments), including funding Residential Aged Care, Community Aged Care packages, specific Aboriginal housing programs, Supported Accommodation Assistance Programs, Home and Community Care Program, Commonwealth-State Disability Agreement and the First Home Owners Scheme.

3.2 STATE CONTEXT

The State Government has many methods of influencing housing in Victoria. The Department of Premier and Cabinet (DPC) has a leadership role in the identification and implementation of the strategic directions of Government on all matters relating to Economic, Social and Infrastructure policy. The Social Policy Branch and the Policy and Strategy Projects Branch of the Policy and Cabinet Group of DPC are responsible for the identification of emerging policy issues as they relate to housing, as well as carrying out practical forward planning, reviewing policy and assessing the impact of Government decisions and actions.

The Department of Planning and Community Development (DPCD) is principally responsible for establishing the state housing policy context and agenda, which guides the development of Local Government Authority planning policies, provisions and objectives for housing. In addition, the Department of Human Services (Office of Housing) (OoH) is responsible for administering housing support, focusing primarily on the management and provision of social housing assistance to low income or special needs groups. The OoH works in partnership with Local Government Authorities to develop and provide housing and other related social services.

3.2.1 Department of Premier and Cabinet

3.2.1.1 A Fairer Victoria – Creating Opportunity and Addressing Disadvantage

In April 2005 the Victorian Government released the document entitled 'A Fairer Victoria', which aims at reducing disadvantage and creating opportunities for disadvantaged members of the community through the pursuit of 14 strategies. Specifically, Strategy 7 aims to 'Boost Access to Affordable Housing' through the investment of \$49.6 million to build more affordable homes across Victoria, targeted to priority areas designated under Melbourne 2030 (see below for detail on Melbourne 2030). Strategy 7 also aims to engage with local governments, developers, community-based housing agencies and others to implement Melbourne 2030 housing actions and increase the private sector supply of affordable homes.

In June 2006 the State Government published a progress report on 'A Fairer Victoria', advising that it would provide a further \$86.1 million over five years to boost the supply of social housing across the state and to provide more support to people experiencing homelessness. This funding, while not an overarching policy framework for housing *per se*, is a demonstration that addressing housing affordability is on the State agenda.

3.2.2 Victorian Planning System - Department of Planning and Community Development

3.2.2.1 State Planning Policy Framework

One of the key roles of the DPCD is to provide statutory and strategic guidance to the planning of Victoria in line with the objectives of the Planning and Environment Act 1987. The State Planning Policy Framework (SPPF) is one component of this guidance and is included within the Port Phillip Planning Scheme. The SPPF identifies the principles for land use and development in Victoria and comprises specific policies dealing with settlement, environment, housing, economic development, infrastructure and particular uses and development.

Specific policy within the SPPF, in relation to the provision of housing, is found at:

Clause 12: Metropolitan Development

- Locate a substantial proportion of new housing in or close to activity centres and other strategic redevelopment sites that offer good access to services and transport.
- Increase the supply of well-located affordable housing.

Clause 14: Settlement

- To ensure a sufficient supply of land is available for residential, commercial, industrial, recreational, institutional and other public uses.
- To facilitate the orderly development of urban areas.

Clause 16: Housing

Clause 16.01 – Residential development for single dwellings

To encourage:

- Residential development that is cost-effective in infrastructure provision and use, energy efficient, incorporates water-sensitive design principles and encourages public transport use.
- Opportunities for increased residential densities to help consolidate urban areas.

Clause 16.02 – Medium density housing

To encourage the development of well-designed medium-density housing which:

- Respects the neighbourhood character.
- Improves housing choice.
- Makes better use of existing infrastructure.
- Improves energy efficiency of housing.

Clause 16.04 – Crisis accommodation and community care units

To encourage the establishment of crisis accommodation and community care units in residential areas and to ensure that their location is kept confidential.

Clause 16.05 – Affordable housing

To deliver more affordable housing closer to jobs, transport and services.

Clause 19: Particular Uses and Development - Design and Built Form Objectives

- To achieve high quality urban design and architecture that:
 - Reflects the particular characteristics, aspirations and cultural identity of the community.

- Enhances liveability, diversity, amenity and safety of the public realm.
- Promotes attractiveness of towns and cities within broader strategic contexts.

To ensure integrated decision-making, the City of Port Phillip Planning Scheme must take account of, and give effect to, the general principles and the specific policies contained in the SPPF where applicable to the municipality (this will be discussed later in this Chapter).

3.2.2.2 Melbourne 2030 – Planning for Sustainable Growth

In October 2002 the (former) DSE published 'Melbourne 2030', its strategy to guide growth, change and development in Melbourne over the next few decades. The Strategy was incorporated into the State section of the Planning Scheme at Clause 12 in September 2005. The impetus behind the strategy was the recognition that by the year 2030, Melbourne is expected to grow by up to 1 million people, which translates to approximately 620,000 households, and that continued urban expansion into surrounding rural land to accommodate this increase is unsustainable for a variety of reasons. The main thrust of the document is to curtail such expansion and guide major change to strategic redevelopment sites such as activity centres and underdeveloped urban land.

The core of the strategy is expressed in 9 broad directions, of which Direction 1 - **A More Compact City**, Direction 5 - **A Great Place To Be** and Direction 6 - **A Fairer City**, are of the most relevance to the development of a Housing Strategy.

Direction 1: A More Compact City

- Build up activity centres as a focus for high quality development, activity and living for the whole community (Policy 1.1).
- Locate a substantial proportion of new housing in or close to activity centres and other strategic redevelopment sites that offer good access to services and transport (Policy 1.3).

Direction 5: A Great Place To Be

- Promote good urban design to make the environment more liveable and attractive (Policy 5.1).
- Recognise and protect cultural identity, neighbourhood character and sense of place (Policy 5.2).
- Protect heritage places and values (Policy 5.4).

Direction 6: A Fairer City

- Increase the supply of well-located affordable housing (Policy 6.1).

To achieve the 9 directions and manage the forecast growth, Melbourne 2030 divides the metropolitan area into five regions and apportions the forecast growth across each region. 90,000 households are to be accommodated in the 'Inner' Melbourne region, which comprises the municipalities of Port Phillip, Melbourne, Yarra and part of Stonnington (west of Kooyong Road), with the DPCD anticipating 89% (or 80,000) of these households located in and around activity centres or on identified strategic redevelopment sites with access to the Principal Public Transport Network. The remaining 11% (or 10,000) are anticipated to be dispersed elsewhere within the urban area.

As part of the implementation of Melbourne 2030, the Minister for Planning established five Regional Housing Working Groups. Their role was to identify the capacity and preferred locations to which this residential growth should be directed, and to highlight housing issues and needs, identify housing challenges, and determine innovative and sustainable responses to these across each region. For details of the Inner Regional Housing Working Group see Section 3.3.

3.2.3 The Department Of Human Services - Office of Housing Division (OoH)

The OoH services include emergency and transitional accommodation, long-term rental housing, private rental and home ownership assistance. Since the election of the Australian Labour Party 'Bracks' Government in 1999, the Department of Human Services has embarked on a process to promote a broader range of housing initiatives throughout the entire housing system. Its primary focus remains on affordable housing awareness and provision, which is demonstrated by the summary of its most recent initiatives.

3.2.3.1 Victorian Homeless Strategy – Directions for Change (2002)

The Victorian Homelessness Strategy (VHS), published in February 2002, examines the State's response to homelessness and identifies immediate and longer-term actions and approaches that would improve that response.

The report recognises that the causes of homelessness are diverse and interrelated, including economic factors, social and demographic factors, housing market factors, and personal factors, and that there is no 'one size fits all' solution to prevention. As a result, the report recommends a whole of government effort on prevention focused on five objectives. Objective 4 is "to increase access to, and supply of, affordable housing" and is specifically related to housing.

The report's research indicates that the lack of affordable housing is a key factor that contributes to financial hardship and poverty for many low-income households and exacerbates the risks of becoming homeless. At the same time, affordable housing is a vital ingredient in improving the capacity for people who have been homeless to make an effective transition back into the community, education and employment. Thus, adequate availability of affordable housing supply, and access to it by people who are at risk of homelessness or seeking to resolve a situation of homelessness, are critical elements of both prevention and response.

3.2.3.2 Towards a State and Local Government Affordable Housing Strategy (2002)

The 'Bracks' Government's election policy, *Better Housing*, included a commitment for the OoH to work with local government to expand the level of affordable housing development. After initial consultations with Local and State Government departments, a steering committee was established in September 2000 to prepare a report for a *State and Local Government Affordable Housing Strategy* and its findings were published in March 2002.

The main purpose of the Strategy was to establish a case for supporting and encouraging local government to take a larger role in affordable housing development in Victoria. The report argues that the deficit in affordable housing is a local issue that can benefit from local government involvement by virtue of local government's key social, land use, building and development control functions and their local knowledge and representation.

The report made 24 recommendations requiring action at all levels of government on three key areas:

- the need for affordable housing;
- the need for responsive housing; and
- the need for community building initiatives.

Specific directions identified in the report include:

- Ensuring State Government support for the development of local housing policies and strategies.
- Ensuring an active role for the local government sector to inform CSHA negotiations.
- Developing the capacity of the local government sector to embrace joint venture opportunities.

- Exploring ways in which the land-use planning system can support the provision of affordable, well-located housing.
- Defining a clear role for local government in neighbourhood renewal processes.

3.2.3.3 Strategy for Growth in Housing Low Income Victorians (2003)

In December 2003, the OoH launched a consultation document entitled *Strategy for Growth in Low Income Victorians*. The primary purpose was the establishment of Housing Associations, based on the State Government's announcement in the May 2003 Budget to commit \$70 million over 2003-2007 for the establishment of four such Housing Associations in Victoria.

The aim of the strategy is to expand the housing options of low income Victorians through stronger partnerships between government, non-government and private industry in the planning, funding and delivery of affordable housing. A core element of the strategy is the establishment of registered rental housing agencies. So far, five have been registered (including the Port Phillip Housing Association) as well as one Housing Provider. It is anticipated that these Associations will leverage government's capital commitment through borrowings and third party contributions, resulting in the ongoing purchase or development of new housing units that remain affordable to low income renters in perpetuity.

These Housing Associations have and will continue to receive the majority of joint venture growth funding from the OoH. As at mid 2007, this has resulted in 456 units under construction across Victoria at a cost of \$99.8 million. 76% of the units were funded by the OoH and 24% funded by the seven organisations under joint ventures, using funds from debt finance and other sources.

By December 2008, the registration process will extend to the approximately 185 other housing agencies in Victoria managing OoH properties or having undertaken joint ventures with the OoH (i.e. having a formal Director of Housing interest in their operations), but which are not registered Housing Associations. In Port Phillip there are nine agencies (other than Council and Port Phillip Housing Association) affected by this process. These agencies will have to register as 'providers' if they wish to manage the Director's interests.

A third stage of the process will require registered providers to form a partnership, collaboration or association with registered Housing Associations that may be either structured and formal, or informal, but will be a prerequisite for continuing to manage properties or receive growth funds. Housing Associations will however, continue to receive the majority of growth funds.

3.2.3.4 Towards an Integrated Victorian Housing Strategy (2006)

In September 2006 the Department of Human Services published its framework to address the future housing challenges of Victoria as informed by documents such as Melbourne 2030, A Fairer Victoria, and the Victorian Homelessness Strategy. It sees the challenges as minimising housing stress and improving affordability, which in turn should create communities which are more socially, economically and environmentally sustainable. The primary aim of the strategy is to create more options to increase housing choices for Victorian families.

Reflecting this approach, the Strategy highlights that households on the lowest incomes and with the least opportunities in the housing market will continue to be a priority of the Victorian Government, which means continued investment in social housing, including building on new efficient forms of supply and management. Households who are not on the lowest incomes but who have been unable to purchase homes or sustain rental properties in well located areas due to prolonged increases in house prices and rental payments, are also a concern of the Government. Thus, increasing the need for new and effective measures to increase the efficiency of the total housing market is a priority. Sustainable communities are also a high priority for the Government, which will be pursued through diversification of housing form and household type in new developments and significant redevelopments.

3.3 REGIONAL CONTEXT

3.3.1 Inner Regional Housing Statement

Background

As part of the implementation of Melbourne 2030, the Minister for Planning established five Regional Housing Working Groups to identify the capacity of individual municipalities to accommodate the forecast growth of new dwellings required by the year 2030, as well as highlight housing issues and needs, identify housing challenges, and determine innovative and sustainable responses to these across each region.

The Inner Regional Housing Working Group (IRHWG) included Councillor and officer representatives from the municipalities of Port Phillip, Melbourne, Yarra and Stonnington, as well as representatives of the former DSE and OoH.

The Inner Regional Housing Statement, prepared by the IRHWG, identified household and population changes, housing affordability issues, housing market drivers, and future trends and projections. Key socio-economic and demographic trends affecting housing provision in the inner region were identified as follows:

- Lone person households will almost double by 2031, while there will also be a significant increase in the number of couples without children, equating to almost 42% and 24% of all households in the Inner Region respectively.
- The dominant age profile of the Inner Region is (and will continue to be) young adults between the ages of 25-39.
- The most common dwelling type is attached or semi-detached comprising generally only one or two bedrooms, and most often privately rented.
- Overall, 17% of all private rental and home purchaser households in the Inner Region live in housing stress (i.e. 25% of household income spent on rental costs or 30% of household income spent on mortgage repayments by those in the bottom 40% of the national income quintiles).
- The stock of affordable private rental properties and government rental stock is rapidly declining and house and unit purchase prices increasing 151% and 148% respectively during the period 1993-2003.

The key purpose of the IRHS was to identify how the projected growth (of 90,000 new households) would be achieved and distributed across the inner region.

Based on 'Victoria in Future' (2004) Melbourne's inner region is projected to accommodate an additional 90,000 new households by the year 2031. For Port Phillip, an estimated additional 19,624 new households were projected for this period. These figures however, reflect 'demand based' or 'trend' projections, which for Port Phillip are influenced by the significant housing growth that occurred in the Port Melbourne and St Kilda Road areas over the past decade.

As part of the IRHS, a detail 'capacity analysis' was undertaken for each municipality within the region. This confirmed that the inner region can accommodate the projected 90,000 new households, with substantial growth occurring in the CAD and Docklands. The capacity analysis for Port Phillip however suggests a reduced level of growth, with potential for some 16,300 new dwellings identified. This equates to 21.9% of the Inner Region's total estimated growth.

Key Directions of the Statement

The 'Inner Regional Housing Statement' was adopted in November 2005, by the IRHWG, and was subsequently endorsed by each of the four partner Council's to inform the preparation and implementation of Local Housing Strategies and Structure Plans. The Statement focuses on directing and managing projected residential growth, within the context of broader housing issues, including housing affordability and adequate services to support population growth.

The Statement highlights that:

- The projected demand for 90,000 new dwellings across the inner region can be accommodated without the need to compromise the liveability of established residential areas or the economic capacity of activity centres.
- The supply of affordable housing (for both rental and purchase) is rapidly declining within the inner region and, without intervention, will largely disappear by the year 2030.

The Statement is driven by three core themes, each with a set of objectives, strategies and actions:

1. *Maintaining the Liveability and Economic Capacity of the Region whilst providing for Housing Growth.*
Strategies direct new housing development to preferred growth areas and balance housing and economic interests in areas of mixed land use such as shopping strips.
2. *Supporting Diverse, sustainable communities thorough meeting a wide range of housing needs, now and into the future.*
Strategies address housing diversity, dwelling adaptability and housing affordability.
3. *Managing Infrastructure Needs of a Growing Population.*
Strategies ensure housing growth is supported by adequate infrastructure and service provision.

IRHS - Housing Growth Strategy

The IRHS developed a 'tailored solution' to accommodating projected housing growth, that responds to the particular complexities, characteristics and opportunities of the inner region. In particular, it highlights that:

- Strategic redevelopment sites and precincts provide the opportunity to accommodate a substantial proportion of the region's new housing growth. These include, for example, redundant industrial areas / sites - now mixed use zones.
- Limited space exists for new development retail and commercial strips in the inner region, in comparison to activity centres in other parts of Melbourne. They are well-established and many have extensive heritage controls.
- Activity centres within the region perform a complex range of retail, commercial and leisure / entertainment functions. Residential development must be carefully planned to ensure economic functions remain viable.
- Established residential areas around activity centres often have a highly valued heritage and / or neighbourhood character which limits capacity and suitability for ongoing 'infill' housing development.

The growth strategy for the region articulated in the IRHS:

- *Directs growth predominantly to 'strategic sites and precincts' which are proximate to Activity Centres / the Principle Public Transport Network.*

These include 'mixed use zones' (many former industrial areas) and a range of 'commercial strips' eg 'Business 5' zone of St Kilda Road.

- Enables a strategy of more limited growth within Activity Centres (strip shopping centres).

This recognises that Activity Centres within the region are at a mature stage of development and have complex roles, characteristics that limit the opportunities for new residential development.

- Seeks to significantly reduce the rate and intensity of development in 'established residential areas' (ie Residential 1 zones across the region).

The Statement highlights that urban consolidation can no longer be used as the justification for increasing the rate and intensity of new development in established residential areas, given sufficient capacity for development exists elsewhere (in strategic growth precincts).

Based on this approach to growth (and a detailed capacity analysis by location) the Statement predicts that Port Phillip's capacity for 16,300 new dwellings will be distributed as follows:

- 3,150 dwellings in Established Residential Locations.
- 1,850 dwellings in Retail and Commercial Strips.
- 11,300 dwellings in Major Redevelopment Sites or Precincts.

3.3.2 The Inner Melbourne Action Plan Project

The Inner Melbourne Action Plan (IMAP), adopted in December 2005, is a collaborative project between the Cities of Melbourne, Port Phillip, Yarra and Stonnington (west of Kooyong Road) and Vic Urban (Docklands) to strengthen the liveability, attractiveness and prosperity of the region and respond to the demands of Melbourne 2030.

IMAP aims to *"Make Melbourne More Liveable"* within the next 5 to 10 years by implementing a series of strategies and actions including: celebrating Melbourne's heritage; linking and improving transport routes; minimising traffic congestion and increasing public transport use; supporting planned residential growth and housing choice; developing the distinctive activity centres, promoting business investment and tourism; and linking Regional open space.

The Plan notes that all actions can be led by IMAP Councils but many will require the agreement or cooperation of the State Government, government agencies or private providers of public services. Strategy 5, which is *'Plan to accommodate 90,000 more dwellings by 2030'*, is specifically related to housing. Relevant actions are:

- Implement the recommendations of the Inner Regional Housing Statement.
- Work collaboratively to investigate new funding sources and models to provide and manage an increased number of affordable houses.
- Work with the OoH to better integrate public housing estates with adjacent areas.
- Develop a regional community infrastructure framework.
- Develop planning and funding models for the provision of social and physical infrastructure, such as public housing, health and aged care services.

3.4 LOCAL CONTEXT

A number of local policies and strategies that are relevant to the Housing Strategy are contained within the Port Phillip Planning Scheme, while others sit outside the planning system but have implications for the Strategy. An overview of these local policies and strategies is provided below.

3.4.1 Housing Strategy (1997)

The current Housing Strategy comprises two sections; a context report and Strategy Report and will be replaced by this document. Many of the core directions of the existing strategy remain relevant.

The 1997 Housing Strategy's Mission Statement was:

"To provide housing diversity which contributes to the maintenance of social diversity, and to achieve this by the provision and facilitation of affordable, accessible and suitable housing which meets the needs of all groups within the community, in particular those which are disadvantaged within or unable to adequately access the private housing market."

The objectives of the Strategy were:

- A municipality which continues to be a desirable place to live in.
- A range of housing types to suit the diverse needs of Port Phillip's community.
- A city which retains its residential flavour and protects heritage and character.
- A stable residential population through urban consolidation initiatives targeted in appropriate areas.
- Reasonable access to low-cost housing for low-income households.
- Design excellence for new residential properties.

A total of 66 strategies relating to private residential use and development, public housing, community housing, residential care and home ownership affordability were proposed to try to achieve the objectives. Many of those strategies underpin a range of current Council projects and programs.

3.4.2 Community Plan (1997) and Review (2003)

In 1997 the Council and the Port Phillip community developed a Community Plan, which set out what the community wants Council to deliver and the community's vision and key priority areas for the Council to focus on, over a 10 year period. The community's vision was expressed as *"a place where all members of our community feel connected through a sense of belonging and pride in our city. There is a shared responsibility to ensure all people, regardless of age or of cultural and socio-economic background enjoy the benefits of our city and participate in all it has to offer."* Furthermore, *"we envisage that our city's services match the people's needs, are innovative, responsive and continually improving. Our services are wide ranging and address the needs of our community on a physical, human and cultural level. Our vision is of a city where the council services provide support to the four key pillars of our community - environmental responsibility, economic viability, cultural vitality and social equity - to create a sustainable and harmonious future."*

In 2002/03 a five year 'check-in' with the community was undertaken to assess progress, which confirmed that the overall vision and priorities were still valid.

Of the 14 Key Priorities areas, the 'outcomes' sought that are of greatest relevance to the development of a housing strategy are:

Planning & Development (Priority 1):

- Integrated planning and development that responds to our unique heritage, community and environmental values and maintains social, cultural and economic diversity.
- The distinctive character of neighbourhoods is encouraged while building physical and social links across the City.

Environment – Natural & Residential (Priority 2):

- Value, maintain and improve the environment through sustainable and effective environmental management.

Council Infrastructure (Priority 10):

- Ensure that the Council is able to maintain and develop sustainable infrastructure and service required by the community of Port Phillip.

Social and Cultural Diversity (Priority 11):

- Encourage and promote the social and cultural diversity within the City of Port Phillip so that everyone can enjoy the benefits of our community.

The Council is currently helping the community to develop a new community plan for the period 2007-2017; as such it is acknowledged that the Vision and Key Priorities may change and that 'housing' may or may not appear on the agenda in some format.

3.4.3 Council Plan 2005 - 2009

The Council Plan is a four yearly document, which outlines the Council's strategic objectives, the desired outcomes sought and the strategies that will be employed to achieve them. The plan sets out what the councillors and community expect the City of Port Phillip staff to do on their behalf up to the year 2009, which is conveyed through the four pillars of:

Social Equity:

To build a just, resilient, healthy and inclusive city with equitable access to responsive and relevant services and resources.

Economic Viability:

To promote effective stewardship of the Council's assets and promote positive economic development within Port Phillip that also supports the Council's social, cultural and environmental goals.

Environmental Responsibility:

To foster a liveable and attractive urban environment that uses fewer finite resources.

Cultural Vitality:

To foster conditions that allow communities within Port Phillip to express, experience and enjoy diversity of values, beliefs and aspirations.

Included in the 'Top Issues' in 2005/2006 was the implementation of Melbourne 2030 and making Port Phillip more liveable.

3.4.4 Port Phillip Planning Scheme: Local Planning Policy Framework

The Local Planning Policy Framework (LPPF) comprises a Municipal Strategic Statement (MSS) (Clause 21 Policies) and supporting Local Policies (Clause 22 Policies). The MSS is a concise statement of the key strategic planning, land use and development objectives and directions for the municipality, while local planning policies are policy statements to guide discretionary decision making by Council.

The Port Phillip MSS includes a 'vision' for residential areas and a series of objectives, strategies and implementation mechanisms specifically related to residential land use. The overarching theme of the MSS as it relates to housing is the need for a variety of housing styles and types, of good design, which are sympathetic to the existing neighbourhood character and/or heritage place.

The current local planning policies of relevance to housing include:

- Clause 22.01 Residential Neighbourhood Character
- Clause 22.04 Heritage

Clause 22.05 Urban Design for new Residential Development

Clause 22.06 Urban Design for non Residential Development and Multi-Unit Residential Development

Clause 22.09 Housing

The following key policy themes and objectives can be distilled from the housing related policy in the Planning Scheme.

Residential Growth / Development Opportunities

- Direct medium density residential development to sites:
 - On main roads / public transport routes
 - Within identified growth areas (e.g. Port Melbourne / St Kilda Road)

Diverse Housing Type / Affordability

- Provide a range of housing types to suit the diverse needs of the population
- Encourage the retention and construction of larger dwellings for larger households
- Access to low cost housing for low income households, including rooming houses

Enhancing Neighbourhood Character

- Ensure new development:
 - Within established residential areas is responsive to the site and its context and enhances the prevailing neighbourhood character.
 - Within growth areas is consistent with the defined 'new character'.
- Retain the low-rise scale of established residential areas.
- Seek to retain the differentiation in building scale between various areas and achieve a graduation in building scale between areas of medium and high-rise development to the traditional low-rise scale.
- Ensure the formal road and subdivision patterns that help define and characterise the neighbourhoods are reflected in new development.
 - Encourage restoration and renovation (rather than replacement) of older dwellings.
 - Protection of the heritage and streetscape characteristics of established areas.
- Encourage the retention of street trees and of mature trees on private properties.

Protecting Heritage

- Conserve rich architectural and cultural heritage.
- Discourage the demolition of significant and contributory heritage places.
- New development retains the significance of the heritage places.

Protecting and Enhancing the 'Amenity' of Residential Neighbourhoods

- Protect and enhance the distinctive character of established residential neighbourhoods particularly elements which contributes to the sense of place, community and identity.
- Encourage high level of residential amenity for residents, including adequate open space, privacy, sunlight and daylight, parking and transport options.
- Minimise detrimental impacts on neighbourhood properties and open space.
- New development makes a positive contribution to the public realm
- Energy efficient house design, construction materials and techniques.
- New development occurs within an appropriate traffic and transport network

The Local Planning Policy Framework is currently undergoing a policy review and it is anticipated that a public exhibition on policy changes, exclusions and inclusions will occur in 2007. The Housing Strategy document will inform that review.

3.5 INTERFACE WITH OTHER KEY RELATED COUNCIL STRATEGIES

The Housing Strategy shares significant links with a range of other related Council plans and processes. It is informed by and assists the delivery of Port Phillip's Community Housing Strategies, Residential Care Strategies, Ageing Well Strategies, and Health, Social Care and Wellbeing Strategies. The interface between housing and the other Council considerations is predicated on the fundamental recognition that good housing is a prerequisite to wellbeing and is an absolute human right. Similarly, the inherent links between housing and support and other essential 'infrastructure' services are reinforced throughout the Strategy. This serves to highlight the evidence that housing issues affect and are affected by other major policy areas and essential services.

While it is not the role of the Strategy to detail all the other major policy areas/essential services of Council, acknowledging their input into the Strategy is important.

4. Meeting Housing Needs

4.0 INTRODUCTION

The Housing Strategy sets out a broad vision for housing and residential development in Port Phillip and makes recommendations regarding the future management of housing and residential development in the City. The Strategy will allow Council to pro-actively deal with housing and residential issues and provide certainty for both the community and developers. It sets out a framework to ensure that Port Phillip has a diverse range of housing but at the same time maintains the character and amenity of the City's residential areas.

The Strategy consists of:

- **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 the Planning Scheme and possible other actions.

Council recognises that while it is no longer a direct provider of housing, it still has the capacity to influence housing outcomes in other ways. Council will therefore implement the Strategy by undertaking the following in a systematic and coordinated manner:

- Developing and/or implementing land use policies and development controls.
- Instigating strategic planning and research.
- Providing financial contributions (e.g. land, trusts, etc.).
- Direct and indirect service provision (e.g. housing officer, care services, etc.).
- Promotion, education and community development.
- Advocacy, liaison and coordination.

The housing sector is a complex area with a wide variety of stakeholders. It is important that Council works closely with private housing developers and social housing organisations to prepare useful information about housing needs and objectives for the municipality, while keeping the community informed and involved. The Strategy is a significant step towards achieving this goal. It places a high priority on establishing mechanisms that bring housing stakeholders together, facilitating the effective and efficient exchange of information, and fostering collaboration and partnership development.

4.1 OBJECTIVES

The objectives of the Strategy are:

1. To provide opportunities for new residential development in designated locations which have the capacity for change, and which offer highest accessibility to shops, public transport and services.
2. To encourage the provision of a diversity of dwelling types to meet the needs of all current and future residents of Port Phillip.
3. To ensure new residential development respects neighbourhood character and heritage values of established residential areas.
4. To expect environmentally sustainable residential development.
5. To support housing designs that are adaptable and accessible.
6. To promote a range of affordable housing models and projects applicable to public, community and private housing that address the housing needs of low to moderate income residents and contribute to social diversity.
7. To expand the supply, distribution and type of social (public and community) housing available for the benefit of current and future residents of Port Phillip.

8. To promote a co-ordinated response that addresses the needs of people experiencing homelessness.

A key aspect of the Strategy is to identify suitable locations for residential development and measures to achieve a variety of dwelling types and sizes to meet the needs of the current and future population. The aim is to encourage medium and high density housing in appropriate locations better suited to accommodating change and to temper the rate of change in other locations.

As outlined in Chapter 2, apartments are the predominant housing type in the municipality. With the trend for smaller households increasing over the next decade and land becoming scarce, apartments will continue to be the predominant housing type. There must however, be an awareness of the need for family housing as well as retirement homes and dwellings that can be adapted to enable people to age in place, to align with the increase in the ageing population.

The challenge is to achieve a range of dwelling and tenure types to meet the needs of the traditional nuclear family and lone person households, as well as less represented household types such as those on low incomes, older persons, those who need crisis accommodation and those living with a disability. While Council strives for housing diversity to produce social cohesion and mixed communities, developments of a high quality that respect the prevailing neighbourhood character will also be pursued.

In addition to addressing housing form, density and location, a critical objective is encouraging and facilitating affordable housing, social (public and community) housing and facilitating a co-ordinated response to homelessness. The aim is to maintain and create social diversity for the benefit of the lower income socio-economic groups whose needs are not being met by the private sector. Council has had a consistent and leading role in supporting social housing and has been directly involved in the development of community housing between 1985 and 2006. The Strategy maintains this strong emphasis while also strengthening its role in encouraging broader housing affordability and means to address homelessness.

The Strategy also sets up the mechanisms to enable Council to identify diverse housing options.

It is noted that Council is currently in the process of reviewing the Municipal Strategic Statement (MSS) and local planning policies of the Port Phillip Planning Scheme. The review of the MSS and local policies has been undertaken in conjunction with the preparation of the Housing Strategy, and the outcomes of the Housing Strategy have informed, to a degree, the policy position of Council in terms of housing and accommodation needs. Where applicable, reference has been made to the MSS review and how objectives have been, or will be, met through this review.

4.2 RATIONALE

Objective 1

To provide opportunities for new residential development in designated locations which have the capacity for change, and which offer highest accessibility to shops, public transport, and services.

'Principles' for Sustainable Housing Growth

As directed by Melbourne 2030, providing more medium to higher density housing in and within walking distance of the activity centres and the PPTN, can result in a range of benefits including:

- Improved housing mix:- development in and around local centres has greater potential for providing a range of dwelling types at a range of prices appealing to a wider range of people.
- More sustainable transport:- giving more people the option of taking public transport or walking or cycling rather than relying on a car. If services, education, jobs and shops are easily accessible to residents there is less need for travel by car. With fuel prices likely to continue to rise, this part of household expenditure will become more important.
- Healthier environments:- easier walking and cycling access from nearby areas to shops and facilities can improve and help prevent health problems of local residents by increasing physical activity and reducing the use of cars for short trips.
- Optimised use of services and infrastructure:- taking further advantage of very significant investment in services and infrastructure that already exists benefits the whole community. Increased housing in these areas also provides the basis for upgrades to existing services and infrastructure.
- Strengthened local economy:- providing more customers for local shops and businesses in the activity centres and easier access for those customers will improve the commercial viability of businesses in the centre. This in turn will provide incentives for each centre to undertake urban design improvements to make them more attractive and physically accessible by all sectors of the community.
- More interesting and secure places to live:- promotion of greater social interaction and a sense of place during day and night.
- Preserved character of some places:- concentrating development in some areas means that the valued character of other urban areas can be preserved.

The approach to directing housing growth within Port Phillip must maximise environmental, social, cultural and economic sustainability. Council will adopt a 'balanced' approach to achieving housing growth across Port Phillip, whilst maintaining liveability and economic capacity of the municipality, through:

- Providing sufficient opportunities for housing intensification (to support urban consolidation) within defined 'preferred housing growth areas' which offer proximity to an activity centre and / or the (fixed rail) PPTN.
- Ensuring new residential use and development within activity centres does not compromise the primary retail, commercial and cultural role of centres.
- Reducing residential growth within established residential areas where access to transport, goods and services is more limited, or where increases in the intensity of development would adversely impact on a consistent neighbourhood character.
- Ensuring that when new residential development occurs within established residential areas, that the form and density of development is determined by neighbourhood character considerations (not urban consolidation objectives).
- Encouraging a reduction in the rate of 'infill' development in established residential areas, through providing for higher development yields and greater development certainty in 'preferred housing growth areas'.

Locational Opportunities for Housing Growth within Port Phillip¹⁰

In determining the future additional dwelling capacity within Port Phillip, the following locations were considered for their potential to provide for well-located housing growth:

1. Strategic Redevelopment Precincts / Sites

1(a) Strategic Redevelopment Precincts / Sites proximate to a major activity centre and the PPTN (predominantly former industrial areas) being:

¹⁰ The identification of locational opportunities and capacity analysis of housing growth referred to in this strategy, relies upon the detailed assessment undertaken during preparation of the Inner Regional Housing Statement.

- Port Melbourne Mixed Use Zone;
- St Kilda Central Mixed Use Zone;
- Inkerman Street Mixed Use Zone;
- Chapel Street (south of Carlisle Street) Mixed Use Zone;
- Proposed Kings Way Precinct Mixed Use Zone; and
- Proposed City Road Precinct Mixed Use Zone.

1(b) Strategic Redevelopment Precincts / Sites proximate to the PPTN (generally locations which are increasingly accommodating residential land use in addition to their commercial / office functions) being:

- St Kilda Road and Albert Road Business 5 Zone;
- Queens Road Residential 1 Zone;
- Dorcas Street Mixed Use Zone; and
- St Kilda Road South Business 2 Zone

Strategic sites and precincts, proximate to the activity centres and the PPTN, are the locations with **highest propensity for growth and change**. Apartments and mixed use developments are encouraged in these commercial and mixed use areas, although the residential component of any mixed use scheme should generally be directed above the ground floor of the development to ensure that ground level retains an active frontage and retail/commercial functions are not lost. Whilst most of these areas have already been subject to significant housing development over the last decade, the capacity analysis determined the residual development potential was considerable.

2. 'Major' and large 'Neighbourhood' Activity Centres, being:

- Acland Street, St Kilda
- Carlisle Street, Balaclava
- Clarendon Street, South Melbourne
- Bay Street, Port Melbourne
- Fitzroy Street, St Kilda
- Ormond Road / Glen Huntly Road (neighbourhood centre)

Despite the impetus of Melbourne 2030 for significant new residential growth to occur within activity centres, Council's capacity analysis indicates that the accommodation of future household growth should not (nor need not) be reliant on significant residential development in activity centres themselves. The activity centres are at a mature stage of development with most subject to heritage controls, which act to limit the opportunities for new residential developments in comparison to centres in other parts of Melbourne.

Council recognises, however, that some change is inevitable and appropriate within the centres due to their proximity to services and public transport. On this basis, future residential development in these locations will be provided on their propensity and capacity for change as determined by Structure Plans. In general however, Port Phillip's major activity centres and the Ormond Road / Glen Huntly Road (neighbourhood centre) are considered as locations with **moderate propensity for growth and change**.

Remaining Neighbourhood Activity Centres, however, do not offer opportunities for any appreciable housing growth. This is largely by virtue of existing heritage controls, which affect both the retail strip and surrounding residential areas. The Tennyson Street neighbourhood activity centre, whilst not affected by heritage controls, is a small neighbourhood centre and does not offer direct access to the PPTN. Accordingly, it does not meet the criteria (as defined by Melbourne 2030) for well-located housing growth.

3. Established Residential Areas

The retention and protection of the character and dwelling diversity in Port Phillip's established residential areas is of paramount importance, particularly when it has been demonstrated by capacity analysis that identified strategic sites and precincts can accommodate the majority of new residential demand. The established residential areas are therefore considered as locations with **low propensity for growth and change**. A low rate of change is particularly appropriate in areas with significant heritage values, or a consistent / 'intact' neighbourhood character.

Some opportunities for well-designed medium density 'infill' housing do exist. This form of development will be directed to established residential areas that offer high proximity to a major or large neighbourhood activity centre and /or the (fixed rail) PPTN. In addition, these areas must have an existing 'diverse' neighbourhood character which is deemed capable of accommodating new development.

1. On sites with frontage to a main road and on the principle public transport network (PPTN).

This maintains Council's existing housing strategy (as reflected in the MSS) which directs medium density residential development to site fronting main roads, recognising that some increase in the scale / intensity of development can generally be accommodated within the existing built form character.

2. Within locations proximate to larger activity centres, where a diverse neighbourhood character exists.

These areas will be progressively identified through Structure Planning and Urban Design Frameworks, with associated planning policy/provisions developed to express a 'preferred character' outcome to which new development must contribute.

Assessing the Capacity for Housing Growth

The following methodology was applied to estimate the capacity for new housing development in various locations.

1. Strategic Redevelopment Sites and Precincts:

Detailed site appraisals within these potential growth areas were undertaken to assess the level of residential redevelopment opportunity. The following characteristics were considered:

- Existing planning controls - The preferred and maximum height a building could potentially achieve based on any current Design and Development Overlay (DDO) controls, and the existing built form character in locations without a DDO;
- Average dwelling densities (i.e. unit/m² of site area) achieved on previous developments within the specific precinct;
- Evidence of significant capital investment within the last 5 years – these sites were considered to have lower development potential than considerably aged and underinvested stock;
- Site size - larger sites with regular configuration were considered to have greater potential than smaller isolated sites, which may rely upon one or more site amalgamations to bring medium-high density development opportunities forward;
- Existing land use - sites with well-established commercial/industrial uses were considered likely to have lower development potential unless they have previously been mooted for residential potential.
- An estimate of the proportion of residential land use where mixed use development was considered likely;
- Heritage constraints – A 50% reduction in dwelling yield was assumed, based on recent development outcomes.

From this information, and based on a set of assumptions, a dwelling yield analysis was applied to estimate how many dwellings could be constructed in each precinct.

Note: For the St Kilda Road / Queens Road and Albert Road precinct, residential apartment figures (planned and mooted) were provided to Council by Charter Keck Cramer Consultants as part of the "St Kilda Road Residential and Commercial Property Sector Review" (July 2004).

2. Activity Centres:

The potential dwelling yield within established activity centres was based on identifying large redevelopment sites (20+ unit yield) and a 'trend' based analysis of smaller developments. This trend analysis took into account the average dwelling yield per annum (last 6 years 1998-2003) and then assumptions for an estimated 50% increase in yield to 2015, and a subsequent reduction to current levels (as site availability becomes more limited).

Note: For the South Melbourne Central Activity Centre, detailed property and site area analysis figures were provided to Council by SGS Economics & Planning Consultants (May 2004).

3. Established Residential Areas:

The level of 'infill' housing within established residential areas overall is predicted to decline, in line with the objective to direct housing to other locations which offer greater access to shops and services, and where new development will not impact on established heritage and neighbourhood character.

For established residential areas across the municipality, the calculation of the rate of change through 'infill' development was again based on a 'trend analysis' considering; the average number of dwellings constructed over a 6 year period between 1998-2003, together with assumptions relating to the predicted slow down of the residential market until 2010 (recognising peaks and troughs of the housing development industry) / a progressive reduction in the number of larger infill sites available after 2010 / and the progressive shift of development to 'preferred housing growth locations' in line with Council and Melbourne 2030 policy.

Projected Distribution of Housing Growth:

Council's capacity assessment estimates that some 16,300 new dwellings could be accommodated across the municipality between 2001-2031, noting that a significant 8,000 plus dwellings were approved/constructed between 2001-2004.

It does not necessarily follow that this number of dwellings *will* be developed within the municipality by 2031, particularly as the allocation figure is an estimation based on a number of assumptions (including developer take-up, future site availability and likely dwelling yield rates) and because the economy and property market are fluctuating drivers.

The distribution of this estimated 16,300 dwelling is as follows:

1. **12.3% (or 2,000)¹¹ of new dwellings within major / larger activity centres.**

This includes: Major Activity Centres (Acland Street, Bay Street, Carlisle Street, Clarendon Street and Fitzroy Street), the Ormond Road / Glen Huntly Neighbourhood Activity Centre, and the St Kilda South (commercial) activity centre. This estimate includes large sites yielding more than 20 dwellings, as well as smaller 'infill' sites and shop top housing.

¹¹ Note: The distribution figures differ marginally from those referenced in the Inner Regional Housing Statement. This is due to the St Kilda South commercial strip now being included in the 'activity centres' category. This recognises its primary role as a commercial strip with residential as a secondary use.

2. **68.4%** (or 11,150) of new dwellings across 'strategic redevelopment sites and precincts' that are proximate to the larger activity centres and / or the Principle Public Transport Network.

These include: the various mixed use zones and the St Kilda Road/Albert Road Business 5 Zone.

3. **19.3%** (or 3,150) of new dwellings across established residential areas - as low-rise/low scale 'infill' development.

These lower density forms of development will meet an important need in the community and will help to ensure that a range of housing types exist in the municipality.

For all new developments of 20+ dwellings, the provision of adequate supporting community infrastructure will also need to be considered, particularly as the population is ageing and this significant shift needs to be addressed in terms of relevant aged services. Some areas of Port Phillip are and will experience intensive growth (i.e. Port Melbourne and South Melbourne), which has implications on the ability to 'keep-up' the supply of appropriate community infrastructure. As such, the coordination of new development and infrastructure, as well as the provision of funding for infrastructure and community facilities, must not be overlooked by either the developer or Council.

A 'Housing Growth Strategy' for Port Phillip

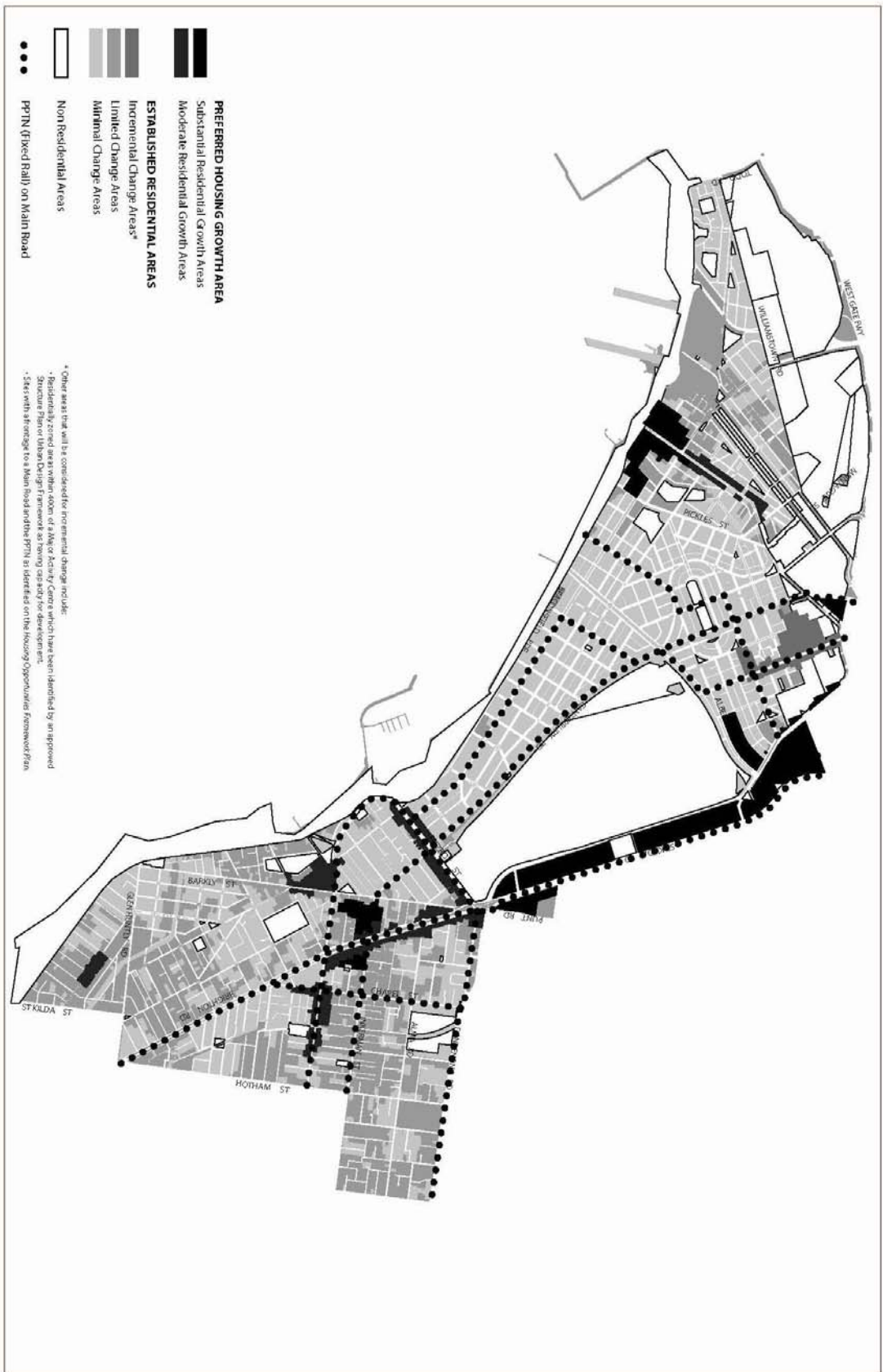
The following expresses the 'strategy' for achieving and directing housing growth and change within Port Phillip¹². This is illustrated by Map 1 – 'Housing Opportunities Framework Plan'.

1. Direct the majority of new residential development to 'preferred housing growth areas' as shown on the Housing Opportunities Framework Plan to achieve:
 - **'Substantial residential growth'** within 'strategic redevelopment sites and precincts'. The height, scale and massing of new development shall be in accordance with any Design and Development Overlay for the area, or must respect the surrounding built form context.
 - **'Moderate residential growth'** within Activity Centres - Major Activity Centres, Glen Huntly Road / Ormond Road Neighbourhood Activity Centre and St Kilda Road South Specialised Activity Centre, generally above ground as part of mixed use development on larger sites, or as 'shop-top' housing above or to the rear of retail / commercial premises. All new development must respect the existing streetscape character and commercial context of the centre.
2. Limit new residential development within 'established residential areas' as shown on the Housing Opportunities Framework Plan to achieve:
 - **'Incremental change'** through well-designed medium density 'infill' development:
 - On sites with frontage to a Main Road and adjacent to the (fixed rail) Principle Public Transport Network (PPTN).
 - Within areas proximate (approx 400m distance) to a major activity centre, which have been identified by an approved Structure Plan or Urban Design Framework as having capacity for development based on a diverse neighbourhood character. All new development shall be in accordance with the 'preferred character statement' for the area.
 - On sites fronting Ormond Road and Glen Huntly Road, proximate to the Elwood Junction and Elwood Village activity centres. The height, scale and massing of new development shall be in accordance with the Design and Development Overlay and, where applicable, the Heritage Overlay.

¹² Appendix 1 further elaborates on the strategic basis underpinning this growth strategy and the framework for managing built form change.

- **'Limited change'** in remaining residential areas (outside a Heritage Overlay) being locations which have a consistent neighbourhood character, or areas which do not offer high proximity to a major activity centre or the (fixed rail) PPTN. New medium density housing will not be encouraged within these areas. All new development shall respect the prevailing neighbourhood character of the area.
- **'Minimal change'** in areas where an existing heritage overlay applies. New development will be minimised in order to protect the recognised heritage values of these areas. All new development shall be in accordance with the Port Phillip Heritage Policy at Clause 22.04.

Map 1 – Housing Opportunities Framework Plan



housing strategy 2007 housing opportunities framework plan

Objective 2

To encourage the provision of a diversity of dwelling types to meet the needs of all current and future residents of Port Phillip.

Housing Diversity

Housing diversity relates to housing forms, housing types and housing tenures. The planning options available for protecting the areas not identified for high or moderate growth need to be considered to ensure that existing housing diversity is maintained.

Within the Victoria Planning Provisions' Land Use Terms nests, which are also found in the Planning Scheme, a variety of housing types are listed within the *accommodation* group. These include dwelling (which includes caretaker's house), residential village, retirement village, and residential building, comprising backpacker's lodge, boarding house, hostel, and nursing home. While these are all a form of housing, they serve distinctly different groups of people and meet distinctly different needs. While it is Council's aim to ensure that every resident is provided with a decent and affordable home, it is acknowledged that this may not be possible, or even desirable, in the form of the traditional independent house or apartment.

Of the 19,624 new households forecast to emerge by the year 2030, many will need to be accommodated within a retirement village, boarding house or nursing home. As a result, the provision of a range of housing types in new developments will be sought. It must be recognised however, that not all housing types are expected to form part of the housing allocation for future households, namely caretaker residences and backpackers' lodges, while other types of housing such as retirement villages, which serve older people, will be openly encouraged.

The existing MSS and local policies of the Planning Scheme make specific reference to dwelling diversity, including encouraging a range of housing types to suit the needs of Port Phillip's community. The existing MSS does not however, recognise that there is an oversupply of medium and high-rise developments that cater only to a select household type. The MSS review has provided the opportunity to highlight the issues associated with the oversupply of medium and high-rise housing and the lack of housing diversity, and address it accordingly through policy.

Caretakers' Houses

Pursuant to the Land Use Terms within the Planning Scheme a Caretaker's House is defined as *"a dwelling on the same site as a building, operation or plant and occupied by a supervisor of that building, operation or plant."* Within the Residential 1 and Mixed Use Zones a caretaker's house is classed as a *"dwelling"* and does not require a planning permit. Under the provisions of the Industrial 1 and 3 and Business 3 Zones however, all accommodation, with the exception of a caretaker's house, is prohibited. A caretaker's house within these zones (as with the Business 1, 2 and 5 Zones) is a 'Section 2' Use, which means that a planning permit is required for such a use.

The permit requirement is to ensure that the integrity of the industrial and commercial areas is not compromised by residential uses – residents inherently have an expectation that their amenity should be protected, which is generally at odds with the functioning of the commercial/industrial areas. In addition, land provided to residential uses in these zones means that the availability of land for future industrial/commercial development is lost, which could prejudice the viability and competitiveness of the municipality's economy.

Caretaker's dwellings are not considered to form part of the housing allocation for future households, instead they should remain a residential use which are limited in number and application. The planning scheme currently provides little direction in relation to the when and where caretaker's dwellings are appropriate, however the MSS review has provided the

opportunity to address this shortfall. The draft MSS includes clear policy direction regarding caretakers' dwellings and discourages them from locating within the municipality. This position is further supported by a new local planning policy outlining the criteria under which caretakers' dwellings will be considered.

Backpackers' Lodges

Backpackers' lodges have become a feature of the Port Phillip landscape, particularly in the vicinity of the tourist attractions of St Kilda. Local residents often raise concerns about the impact these establishments have upon their amenity, particularly in relation to reduced car parking within the vicinity of a lodge, excessive noise late at night, and other behaviour problems. In contrast, backpackers bring welcome economic activity and vitality to the City.

No data is available at the municipal level in terms of the number of backpackers and the length of each stay, however backpackers remain visitors and not residents with permanent housing requirements. As a result, it is not expected that this type of accommodation will contribute to the housing stock of future households. Importantly though, some investigation and greater regulation of backpacker housing need may be required to determine if demand outstrips supply (an issue which has confronted Council over the years is the illegal conversion of dwellings and loss of former boarding houses to backpackers' lodges).

Legal conversion of dwellings to backpackers' lodges should be discouraged and illegal conversion should continue to generate enforcement action.

Older Person Housing

Victoria in Future population projections indicate that there will be substantial increases in the 45-54 year old population in the City of Port Phillip after 2011, and in the 55-64 year old population after 2021. With a marked ageing population, there will be a requirement to address the housing needs of older people, which will be significantly different to the remainder of the population.

There is no specific land use term for housing which accommodates older people and no specific housing type. Many older people will remain in or seek to live in traditional single dwellings, while others will seek or need accommodation in residential villages, retirement villages, or nursing/care homes including Supported Residential Services (SRSs). Apart from social housing, there are few notable private sector developments in the municipality which specifically cater for older people or include design features addressing the needs of this group. Given that much of the existing dwelling stock would require significant modification and cost to be made accessible and useable by ageing residents, there will be a shortfall in suitable older person accommodation unless new appropriate stock is provided. One particular area of need has been created by the closure of pension level SRSs

The difficulty in providing new housing stock to accommodate older persons lies in the scarcity of sufficiently sized land suitable for the construction of supported or retirement housing, and the high value of such land. Such a shortfall could mean a relocation of older people out of Port Phillip in the future, which impacts on social cohesion and may result in the displacement of older people from family, friends and essential services upon which they rely. As part of a recent survey for Council's Ageing Well Strategy (2006-2016), the majority of residents expressed a desire to age in their homes and remain living in Port Phillip, although many recognised that they may have to move to more appropriate accommodation outside the municipality.

An ageing population will present a need for smaller houses, single storey multi-unit development, retirement villages, supported accommodation, nursing homes, co-housed live-in carers and adaptable homes to enable people to age in place. The most common form of housing constructed across the municipality however, is the medium-high rise apartment block which may not be suitable for older persons, and particularly those with disabilities and/or care needs.

Council can advocate to State Government and philanthropic groups for additional aged care places within the municipality. Council can also influence private developers to contribute to the supply of dwellings targeted at the ageing population, through the consideration of incentives such as variations to car parking provision, open space and density requirements.

Developing guidelines for older person housing in Port Phillip, which includes locational criteria, innovative models of support, exterior and interior design requirements, site analysis requirements and other relevant design issues such as open space, density and car parking provision, may provide the private sector with incentives to invest in this type of housing, as well as some certainty of support for the development of this housing.

Shop Top Housing

Shop-top housing development proposals can range from a single residence above an existing shop or business to a residential/commercial development involving retailing on the ground level and high density apartment style residential development above. Shop-top housing plays an important role in improving the liveability of the municipality and providing for increased diversity in housing forms by increasing housing choice, providing an additional housing type which may be suitable for low to moderate income earners, adding vitality to activity centres, and encouraging better utilisation of existing infrastructure.

The Planning Scheme currently makes provision for shop top housing through the Retail Centres policy at Clause 22.02, which encourages '*residential land use and development above and behind shop premises*'. This policy direction has also been incorporated into the MSS review.

Small-scale shop-top housing development can however, be less attractive to landowners given the difficulties associated with meeting planning/building standards (i.e. providing separate access, car parking, open space, etc.). As a result, the majority of proposals received by Council for shop-top housing involve larger scale developments of apartment style development above business activities, rather than conversion of or extension to underutilised space above or behind existing retail uses.

While the large-scale redevelopments have a significant role to play in increasing housing supply, the importance of the small-scale shop-top conversion to housing must not be overlooked. The small-scale conversions can address gaps in the private housing market as well as in the social housing sector. It is therefore essential that high-priority areas for shop-top housing within the municipality are explored and measures to address key constraints, such as car parking, access and safety, identified. Any future research by Council into shop-top housing should not only seek to understand the private market demand for such housing, but also the potential interest of shop top housing for affordable housing developers from the private sector and housing associations in developing and acquiring this form of housing.

Home-Occupation

There is scope for including home-occupation opportunities in new residential developments, particularly in the mixed uses zones which are geared towards a combination of residential and commercial uses. These zones possess a variety of benefits to the environment, the economy and the individual, including reducing the need for people to travel to their place of work thus reducing car dependence and saving time and money, and providing more flexibility for residents to balance work and home life.

The Planning Scheme makes provision for people working from home and it is possible to grant permits to allow up to two non-residents to be employed at a home office in a residential, mixed use, business or industrial zone where this does not adversely affect the amenity of the neighbourhood.

There is some planning enforcement evidence of a misuse of the home occupation provision, where the residential component of a building is abandoned or significantly reduced for a pure business use resulting in the loss of dwelling stock and potential amenity problems. It is understood however, that these situations are limited and are often detected (and enforcement

action taken) as a result of third party complaint. On this basis, the advantages of home-occupation to housing diversity outweigh the disadvantages of planning permit non-compliance and should thus be encouraged.

Rooming Houses

Rooming houses (defined in the Planning Scheme as Boarding Houses) denotes singles accommodation, either as shared houses with communal facilities or self-contained bed sitters and one bedroom units, housing people who are receiving very low incomes, are sometimes homeless, and who are often socially disadvantaged or marginalised. This includes people with a range of mental and physical disabilities but who are capable of independent living. However, not all private rooming houses provide affordable or quality housing.

There are 63 rooming houses in Port Phillip, comprising 22 private premises with 403 beds and 41 community premises with 792 beds. These rooming houses play a vital role in supplying housing for people who, for various reasons, are unable to cope with other housing options and/or are experiencing homelessness for both long, medium and short term housing. Private and community rooming houses have become an integral part of the system of emergency housing relied on by housing workers. Since 1954, however, there has been a noticeable decline in the number of private rooming houses in the municipality due to a variety of factors including marginal viability, reduced private business interest in operating such establishments and redevelopment of premises to private houses, apartments and backpacker's lodges.

Council recognises that rooming houses comprise an important form of affordable housing and contribute to housing diversity in a housing market that typically provides mostly apartments, terraces or detached houses. Council therefore supports the maintenance and further provision of private and community rooming houses as an important means of achieving affordable and suitable housing for a segment of the low income singles population.

The Planning Scheme is largely silent on Council's position in relation to rooming houses, however the MSS review has provided the opportunity to ensure that support for this form of housing is clearly articulated. The policy directs support for the retention and provision of social/community housing, rooming houses and crisis accommodation and discourages the conversion of registered rooming houses into other form of residential buildings.

Community rooming houses are also discussed under Objective 7.

Objective 3

To ensure new residential development respects neighbourhood character and heritage values in established residential areas.

It is recognised that there is substantial community concern over the scale and character of new residential development. Increasing pressure to redevelop and consolidate residential areas with medium-high density housing development raises issues about how these changes affect the character and amenity of our local neighbourhoods, as well as the loss of traditional dwelling types. Redeveloping residential areas with single detached or medium-high density housing requires a balance to be achieved between meeting the needs of the developer or prospective homeowner, meeting the dwelling targets established by Melbourne 2030, and respecting the neighbourhood character of an area and the residential amenity of adjoining property owners.

Despite the existence of residential neighbourhood character controls, a common perception and a frequent planning objection is that the character of the municipality is under threat, particularly from higher density development. In meeting future housing needs, the challenge is to provide for site responsive residential development in appropriate locations that respects valued residential character and amenity. Council's goal is to direct housing intensification to

the specific growth areas mapped on the Residential Framework Plan (refer to Map 1), with limited change occurring elsewhere within the established residential areas.

To protect the established residential areas from intensive development and to ensure that the growth area strategy is achieved, new (or enhanced) planning measures to control the type and size of growth needs to be investigated. In the areas identified for residential growth, the challenge is to clearly articulate the preferred (new) character, through Structure Planning and/or Urban Design Frameworks, to underpin planning policy.

Port Phillip's Valued Neighbourhood Character

Neighbourhood character is essentially the combination of public and private realms. Every property, public place or piece of infrastructure makes a contribution. It is the cumulative impact of all these contributions that establishes neighbourhood character. Key features of neighbourhood character are:

- The pattern of development in the neighbourhood, which includes features such as topography, extent of rear gardens and private open space, and landscaping and vegetation in the neighbourhood.
- The built form, scale and character of surrounding development, which includes building mass and height, setbacks, space around site coverage, and fence styles and height.
- Architectural and roof styles, which includes architectural consistency, porches and verandahs, and roof form.
- Any other notable features, such as street trees, landscaping and vegetation on private lots, and nearby historic buildings or features.

Port Phillip's residential neighbourhood character is diverse. The existing Port Phillip Urban Character Strategy (1998), which is used as a general basis for design advice and decision making (along with the Port Phillip Design Manual (2000)) divides the municipality into 82 neighbourhoods and urban character areas. Within the document, a list of the 'very important' and 'important' character elements are noted for each area and it is planning policy that "*all new development respects, and where possible enhances these character elements*"¹³.

Over the last decade, residential development in Port Phillip has moved incrementally from the more established areas of the municipality towards the ex-industrial area of Port Melbourne and the commercial area of St Kilda Road and Queens Road. Port Melbourne has witnessed a transformation from warehouses and storage facilities to medium/high-rise contemporary apartment buildings, while St Kilda Road and Queens Road have seen some new high-rise residential accommodation occur along with the conversion of historic office stock. In these locations a new neighbourhood character is emerging, which is befitting to the change of land use from commercial/industrial to residential. In Port Melbourne, some industrial references remain through warehouse conversions, rather than complete redevelopment, as a reminder of the area's history.

The Draft South Melbourne Central (SMC) Structure Plan (May 2007) sets out a vision for how South Melbourne should evolve, noting what is highly valued about the area, as well as depicting areas which can accommodate change including new residential development. Inevitably, the neighbourhood character of some of the SMC area will experience a similar change to Port Melbourne with parts of the industrial areas earmarked for mixed use and commercial development.

The residential neighbourhood character descriptions provided by the Urban Character Strategy and Design Manual, while informative and extensive, are in need of updating as they do not recognise the changes that have occurred in the municipality over the last 10 years. In addition, they do not recognise areas with propensity for new residential growth and change or areas which need to be specifically protected from such growth and change, particularly in the context of Melbourne 2030 and SMC.

¹³ Port Phillip Residential Neighbourhood Character Policy, Clause 22.01, Planning Scheme

On the basis that the municipality must accommodate 16,300 new dwellings by the year 2030, the re-assessment of existing character and establishment of a preferred character is vital.

Strengthening Neighbourhood Character

Different areas have different characteristics and expectations, which is why Council can set different residential standards, zones and overlays to achieve local neighbourhood character objectives. The tools which Council currently has available to protect and promote an existing or preferred neighbourhood character include:

- The application of different residential zoning and variations to the Schedule to those zones, i.e.
 - Residential 1 Zone (R1Z)
 - Residential 2 Zone (R2Z)
 - Residential 3 Zone (R3Z)
- The Neighbourhood Character Overlay (NCO)
- The Design and Development Overlay (DDO)
- The Heritage Overlay (HO)

Each of these will be discussed in turn.

Residential Zones

The established residential areas of the City of Port Phillip are currently controlled by the R1Z. The purpose of this zone is to provide for residential development at a range of densities with a variety of dwellings to meet the housing needs of all households, while encouraging residential development that respects the neighbourhood character. Pursuant to the R1Z (and R2Z and R3Z) the construction and extension of one dwelling on a lot must meet the requirements of Clause 54 (known as ResCode), while the construction and extension of two or more dwellings on a lot, dwellings on common property and residential buildings must meet the requirements of Clause 55 (known as ResCode for multi-unit developments).

ResCode essentially comprises a set of development standards relating to height, setbacks, site coverage, access to sunlight and daylight, etc., and are applicable to the whole of Victoria. Where it can be shown that these Victoria-wide standards do not adequately reflect the existing neighbourhood character attributes of the local area, Council can vary a number of the standards to reflect circumstances specific to Port Phillip and/or achieve local policy objectives. This is undertaken by identifying the specific local requirement in the 'schedule' to the Zone. The implication of doing this however, is that the schedule can only be used for changes that affect the whole municipality. In Port Phillip, where there is considerable diversity in size and type of residential dwelling stock and thus neighbourhood character, the opportunity to use the schedule is restricted.

Where a specific medium-high density character and growth is sought in specific locations, Council has the option of rezoning the land to a R2Z. The purpose of the R2Z is to encourage residential development at medium or higher densities to make optimum use of the facilities and services available. The ResCode requirements remain the same as with a R1Z (including the option to vary the schedule), however the R2Z exempts residential development from the normal advertising requirements and eliminates objector appeals to the Victorian Civil and Administrative Tribunal. The R2Z is therefore intended to promote a specific high-medium density neighbourhood character via a faster approval process, thus providing greater certainty.

While the R2Z is intended to provide certainty for residential development, it cannot guarantee that development applications will be forthcoming in line with intended growth nor can the R2Z reduce development interest in the more established R1Z areas. It cannot discount MSS or Local Planning Policies with regard to design and amenity factors, it inhibits third party democracy, and prohibits office and retail uses. If the Mixed Use or Business Zones are replaced with a R2Z, there must be an acceptance these areas will become predominantly residential. This is contrary to the objectives of Melbourne 2030, which aims to encourage

more residential use in close proximity to shops and services. The use of the R2Z may not be appropriate for broad areas of the municipality, but may be used on specific sites where a more detailed redevelopment plan has/can be developed, with community input.

The R3Z replicates the purpose of the R1Z, except that it also includes provisions that limit the building height of dwellings and residential buildings to a maximum of 9 metres (or 10 metres on sloping sites). Introduction of the R3Z is only available for areas currently included in the R1Z and R2Z – while these zones already have a 9 metre height limit (with 10 metres on sloping sites), this control is a recommendation only and buildings over 9 metres can be approved depending on the context of the site and compliance with all other relevant sections of the Planning Scheme. The benefit of introducing a R3Z is that the low scale of established residential areas can be protected, given that new development is restricted to a maximum of 9 metres in height.

Neighbourhood Character Overlay (NCO)

A NCO can be used to tailor most design and amenity standards where an area has special characteristics that warrant different standards to those specified in the state provisions, in order to retain an existing character or achieve a preferred character. Council can use the NCO to:

- Require a permit to construct a building or carry out of works. This includes all single dwellings.
- Require a permit to demolish or remove a building if specified in a schedule to a NCO.
- Require a permit to remove, destroy or lop trees if specified in a schedule to a NCO.
- Change most of the design and siting requirements relating to single or multiple houses to make them more locally responsive.

The NCO will be applicable to areas where specific neighbourhood character outcomes can only be achieved with these extra requirements.

For the recognised areas of distinctive neighbourhood character which lack planning controls on matters such as demolition, Council should consider the use of the NCO mechanism to protect areas from insensitive and intensive residential development. It must be noted however, that application of the NCO has proven difficult to achieve in practice – the character elements of the area warranting protection need to be clearly justified, and in addition NCO's only offer control over the demolition of existing dwellings until a replacement dwelling(s) has been approved. This is contrary to community expectations regarding the retention of existing dwelling stock as the means to maintain character.

Whilst an NCO cannot ultimately prevent demolition or new multi-unit development from occurring in established residential areas, the ability to define specific development standards such as heights, setbacks, site coverage and open space requirements across different locations does provide some 'scope' to manage the intensity of new development in line with the prevailing urban fabric. It may also provide a useful tool in defining the 'preferred new character' of renewal areas and establish 'higher yield' standards to actively encourage development in preferred areas. This potential however, remains largely untested.

Design and Development Overlay (DDO)

A further planning tool to guide the consideration of neighbourhood character and the appropriateness of new development is the implementation of a DDO in particular parts of the municipality. A DDO is similar to the NCO in some respects in that it can control, by permit, elements such as height, setback, site coverage and fences (although not demolition). It is more appropriately applied to promote specific urban design outcomes and future preferred neighbourhood character that could not be achieved through the application of the NCO.

Heritage Overlay (HO)

The only real control against demolition of existing dwellings is the HO, and this planning tool is probably the most effective for controlling residential growth and change in the established residential areas of the municipality and protecting a key aspect of Port Phillip's neighbourhood character. The HO currently covers around 75% of residential areas in Port Phillip, which constitutes those areas within the municipality that demonstrate a comparatively high level of cultural value when considered in terms of their historic, aesthetic and social attributes. They survive generally with a higher level of architectural integrity than the remaining areas of the municipality and it is likely that they will have superior civic or aesthetic qualities.

Given that Port Phillip has evolved over a long period, principally from the 1840's until the inter-war period, its neighbourhoods invariably exhibit the characteristics of their time, both in architectural and civic design terms, as well as functionally. In some instances, most notably St Kilda, there is a diversity which imparts special character.

Clause 22.04 of the Planning Scheme contains Council's local policy on heritage; this prioritises restoration and conservation but does not discount new buildings and additions where they complement existing heritage characteristics. Some change can, and will, occur in HO areas, but this will be tempered and limited through application of the heritage policy.

Overall, the heritage policy has proven an effective statement in achieving desired (heritage conservation) outcomes despite some unfavourable planning appeal decisions since the time of the policy's inclusion in the Planning Scheme. The policy is supported by the Port Phillip Heritage Review, Version 3 2005, which includes statements of significance for heritage places (both individual buildings and precincts) within the municipality.

The success of the policy can be attributed to:

- Detailed, unambiguous and (often) prescriptive policy statements which clearly define the outcomes sought; and
- The strategic justification and underpinning of the Port Phillip Heritage Reviews.

The effect of the HO is to limit residential growth and change within the areas covered, however sites which possess no (or limited) heritage significance, but fall within the HO, are potential redevelopment sites. In such situations where it is unlikely or difficult to prevent demolition or apply the heritage restoration and conservation principles, the management of the design, size and layout of a new development in that location would be best achieved through a clear preferred neighbourhood character statement. The preferred neighbourhood character could be pursued through a policy in the MSS of the Planning Scheme or through one of the other planning mechanisms previously noted.

Key Messages

While the HO covers a significant part of the municipality, it is clear that additional policy controls for the protection of neighbourhood character are also required. Existing character statements are generally limited to descriptions of present character, analysis is vague and inconsistencies exist with the quantitative provisions, while all lack a clear vision or 'word picture' of what is desired in the future. Given that it is Council's and Melbourne 2030's message to direct housing growth to specific identified growth areas and protect neighbourhood character in the remaining established residential areas, it is essential that further strategic work is undertaken, particularly outside the HO areas, to describe, evaluate and improve character statements, as well as identify a preferred future character. This will also assist in mapping the limited and incremental growth/change areas, which is vital for directing future housing growth.

The requirement for medium-high density housing and recognition of the likelihood of further medium-high density housing does not mean that all proposals will be approved. Rather, there will continue to be controversial single and multi-unit proposals, particularly in streets with consistent character or style and in streets where no or very little previous medium-high

density housing has occurred. Consolidating residential sites to create larger development sites will not be supported where the action creates a site which is not in keeping with the character of the neighbourhood.

To ensure that Port Phillip attracts the best development possible (i.e. quality outcomes which match the housing needs and demands of the existing and future population of the City), Council must ensure that areas with distinctive neighbourhood character and heritage features continue to be protected from non-contextual development, irrespective of Melbourne 2030 aspirations for increased dwelling numbers. This does not mean that replication of style and form is the only option – if done well, imaginative design and layout of new development can lead to a more efficient use of land without compromising the quality of the local environment. It does require however, that development generally respect and be consistent with the surrounding scale and character (unless a preferred scale and/or character defined by policy or some other land-use planning mechanism states otherwise).

Objective 4

To expect environmentally sustainable residential development.

One of the greatest issues facing the worldwide community is that of climate change and the need to slow down the rate at which the global climate is changing.

Climate change is predicted to result in increased average and summer temperatures, reduced rainfall, and warmer, dryer days with increased rainfall intensity during storm events. These changes will result in a multitude of problems, including, but not limited to, a greater risk of heat stress for people, increased cooling costs, a greater risk of being affected by flooding and other extreme weather events, and less water for human consumption.

Whilst it is the responsibility of individuals to minimise their water consumption and household appliance usage, climate change can also be slowed down through the encouragement and enforcement of ecologically sustainable development (ESD). One of the key challenges for Council is to encourage greater contributions to sustainability. Sustainable development is defined by the Brundtland Report on Climate Change entitled 'Our Common Future' as *"development which meets the needs of the present without compromising the ability of future generations to meet their own needs."*

In the context of housing, Council's challenge is reducing the impact our residential stock has on natural systems. This can be achieved in two ways – minimising the impact of the built form (materials, fittings, design, etc), and minimising the impact of its occupants (the way in which residents use the building). The benefits of overcoming these challenges bodes well for the natural environment as well as residents, who can save on running costs and enjoy a more healthy indoor and outdoor environment. As a municipality, by making our own lifestyles and homes more sustainable, we can move towards significantly decreasing our ecological footprint and ultimately ensuring that Port Phillip becomes a better place to live, visit and work for all present and future residents.

Through environmentally sustainable and occupant-focussed design, we can significantly reduce the high levels of greenhouse gases our homes emit, produce far less liquid and solid waste, and save money on household running costs. Sustainability Victoria has estimated that an energy smart house can save more than \$800 per year or more than \$20,000 over the average 25 year home mortgage if energy smart design and energy saving appliances are used. This type of saving improves the overall affordability of a home, whilst having the added benefit of retaining high re-sale values.

Energy Efficiency versus Sustainable Design

Good design is fundamental to the development of high quality new housing, which contributes to the creation of sustainable, mixed communities. Council places considerable weight on

design excellence and environmental sustainability and does not consider that such features should be compromised on development cost grounds when in the long term they will reap benefits for occupiers and the community at large (this needs to be balanced with the cost that could be passed on to purchasers/renters).

Council has had a long history of encouraging sustainable design within its municipality, however sustainable building measures have not been widely adopted into the State Planning Framework or the Building Code of Australia, with the exception of energy efficient requirements/specifications in ResCode.

The current ResCode planning controls are weak and undefined. Standard A7 of Clause 54 (ResCode) and Standard B10 of Clause 55 relate to 'Energy Efficient Protection' rather than the pursuit of a sustainable home, and assumes that the developer has a large degree of discretion over the orientation of the dwelling(s). As an example, it states that *'buildings should be orientated to make appropriate use of solar energy, and sited and designed to ensure that the energy efficiency of existing dwellings on adjoining lots is not unreasonably reduced.'* In most circumstances however, the orientation of a dwelling is informed by the established neighbourhood character and pattern of subdivision, which may mean that providing north facing windows to habitable rooms or north facing private open space is not possible or feasible. Energy efficiency should therefore relate to more than just solar access, yet the standards are deficient in this regard.

When ResCode was first introduced in August 2001, there was a requirement for multi-unit developments to meet four-star energy rating standards (this did not apply to single dwellings or extensions). This requirement was removed in July 2004 to form part of the remit of the Building Regulations. Whilst this meant that the matter of energy efficiency was picked up through another regulatory process and not simply abandoned, the performance of Victorian private building stock has been measured almost exclusively by minimum building code energy efficiency requirements to the point where these are often perceived as the only target to aim for. The energy efficient measures assessed by Building Regulations (and to a limited extent by the current ResCode Standards) do not consider sustainable design building measures, which considerably inform the complex relationship between the built environment and ecological systems. As a result, Council's efforts to encourage developers and policy makers to consider such measures have not been taken up readily.

Irrespective of the lack of Commonwealth and State support for sustainable building measures to date, Council has developed the STEPS program (Sustainable Tools for Environmental Performance) in collaboration with Moreland Council, which assesses a number of key environmental criteria including:

- Energy efficiency.
- Energy peak demand.
- Water use.
- Stormwater quality.
- Materials.
- Bicycle parking provisions.
- Collection of waste and recyclables.

Developers of residential buildings in Port Phillip are strongly encouraged to achieve sustainable design outcomes using the STEPS tools. The application of the program however, is voluntary and while it has had some success, it is limited. Council therefore needs to continue lobbying State Government for change to ResCode and the Building Regulations to regulate mandatory sustainable design measures and in the meantime, pursue other actions to advance sustainable design measures. This could include Local Planning Policy and guideline development, the provision of incentives, and community and industry education.

Sustainable Transport Provision and Usage

New housing needs to be appropriately located to take advantage of existing services and public transport in order to reduce car-dependence and green house gas emissions, and

increase walkability and public transport use. When assessing design quality, Council will consider the extent to which the proposed development is easily accessible and well-connected to public transport and community facilities and services, and is well laid out so that all the space is used efficiently, is safe, accessible and user-friendly.

Housing close to public transport and other community and commercial services also needs to be of a higher density in order to allow a greater number of households access to these services. In such locations, opportunities to reduce or dispense with the on-site car parking requirements identified in Port Phillip's Planning Scheme should be investigated to force a move to more sustainable transport options. This would also reduce the cost (and thus improve the affordability) of the dwelling.

Council acknowledges that some people will always need a car and that some will always use a car even if it is not the most convenient or sustainable option. Council however, cannot and should not ignore the situation when it can to some extent influence the degree of climate change, the health of its residents, and the affordability of a home.

Objective 5

To support housing designs that are adaptable and accessible.

Housing diversity refers to a range and mix of dwelling types, while housing adaptability refers to the ability of a house structure to be modified or extended (at minimum cost) to meet the changing needs of occupants and visitors.

Port Phillip is home to a diverse community with varied housing needs. In the provision of future housing Council needs to not only consider changing household structure, but also residents with special needs including people with disabilities. Houses therefore need to be appropriately designed so that they are physically accessible, safe in which to live, and promote independent living. This is known as 'barrier-free' housing, which means that dwellings are adaptable, accessible, and universal in design so that they are able to accommodate a range of households with special needs, as well as provide for residents at all stages of the life cycle.

There are three types of housing that can contribute to providing for households with diverse needs:

- Adaptable housing, which includes design features that can be altered to suit the needs of the occupant.
- Accessible housing, suitable for people with disabilities and/or families with young children.
- Visitable housing, which refers to dwellings that friends and relatives with disabilities and special needs can visit with ease.

The planning scheme currently provides little direction in terms of accessible and adaptable housing, however the MSS review has provided the opportunity to address this shortfall. Underpinned by other Council strategies including the Ageing Well Strategy and Municipal Health Plan, the revised MSS includes a strategy to support accessible and adaptable housing for people of all abilities and ages, and a new local planning policy regarding accessible buildings.

The Australian Standard for Adaptable Housing (AS 4299-1995) outlines the benefits which arise out of compliance with the standard, although this standard is not called up in the Building Code of Australia. The standard highlights:

Visitability:

As more people with disabilities and older people live independently in the community they are finding that one aspect of normal social life presently denied to them is the ability to visit family and friends at home. Houses that are or will become adaptable will mean more houses that are 'visitable'. Thus people with disabilities will be able to enter the front door without difficulty and at least be able to get to the living areas and be able to access the toilet.

Economy of Life-Cycle Construction:

Modifications to existing housing to suit the needs of people with disabilities are often costly. Corridors and doors may have to be widened, structural adjustments such as removing walls may be the only way to achieve a useable bathroom, and steps may have to be replaced with ramps. If houses are initially built to suitable sizes and on suitable sites for access, the costs of modifications can be minimised. Thus adaptable design will promote the economic and efficient use of building materials.

Safety and Ease of Use:

Adaptable design will make the dwelling safer and easier for people of all ages and abilities. For families with young children it will allow manoeuvrability for prams and trolleys; for all households level entry and wider doorways will facilitate movement of furniture, and the avoidance of steps will reduce accidents, assisting all residents but particularly those with physical impairments. The private sector has a major role to play in delivering flexible housing designs that cater to changing household needs over time.

There is no legislation within the Building Code of Australia to require developers to provide adaptable or visitable dwellings or for residential buildings to be accessible by a person with a disability. The Planning Scheme at Standard B25 of Clause 55 (ResCode) however, considers accessibility and states that '*the dwelling entries of the ground floor of dwellings and residential buildings should be accessible or able to be easily made accessible to people with limited mobility*'. This standard applies only to multi-unit developments and not single dwellings, and is deficient on specific methods to achieve accessibility in terms of minimum door widths, gradient of ramps, dimensions for bathrooms, toilets, etc.

Coupled with this lack of guidance in ResCode, the Planning Scheme is also absent of local policy that specifically addresses the matter of accessibility, thereby leaving encouragement and advocacy as the only routes available to planning officers assessing residential development schemes.

Given that Port Phillip is expected to see a significant increase in the aged population by 2030, accessibility is a crucial issue. Policy intervention is therefore required to encourage that housing is designed to be accessible by all sectors of the community including people with a disability, of limited mobility, and/or with young children and prams.

Objective 6

To promote a range of affordable housing models and projects applicable to public, community and private housing that address the housing needs of low to moderate income residents and contribute to social diversity.

Housing affordability is a joint responsibility of the Commonwealth, State and Local governments, and is an important issue in providing for the needs of local residents. Affordable housing initiatives have been slow to come out of Commonwealth and State levels, which has made it increasingly difficult for Council to ensure that the housing needs of the municipality's residents are met. For local government in general, there is confusion in terms of understanding and responding to the issues associated with affordable housing. To a degree,

this is due to the affordable housing debate being largely limited to home ownership affordability.

There are three main concerns associated with affordable housing:

1. Housing affordability is decreasing (evidenced by Census data, Office of Housing (OoH) Rental Reports and the Valuer General's Property Sales Reports), forcing lower-income households, including new home buyers, young people and older people, into the outer suburbs or to live in housing cost-related poverty..
2. Housing affordability is being reduced to limited, small areas of the municipality, namely parts of St Kilda, resulting in increasing homogeneity of the community's socio-economic profiles.
3. A lack of affordable housing adversely impacts on personal health and well-being, personal identity and the general sustainability of diverse communities.

Valuation data indicates that housing affordability is a significant problem in Port Phillip for people renting private housing, aspiring home purchasers and purchasers who are paying off mortgages. In the case of home purchase affordability, the threshold income required in Port Phillip at the end of 2006 to purchase a median priced house and unit was \$169,349 and \$94,484 respectively. Over the 10 years from 1997-2006, the required threshold income increased by 71% for a house and 76% for a unit. This means that the proportion of the municipality's households that possess the threshold income necessary to afford to purchase a house is less than 14% (comprising 5,300 households) and to purchase a unit is less than 29% (comprising less than 10,400 households).¹⁴

In the case of rental housing affordability, the Office of Housing (OoH) Rental Reports for 2006 indicate that 1% of 1-4 bedroom dwellings were affordable to households on Centrelink income, compared to 5-35% of 1-4 bedroom dwellings in Metropolitan Melbourne.¹⁵ This demonstrates that virtually no private rental housing is affordable to low income households in the municipality. Low income households are therefore being forced into one or more of the following situations: relying upon social housing; being in housing stress; or potentially relocating to the more affordable areas of outer Melbourne, losing their existing social connections and being poorly serviced by public transport and community services. Such households are, and will live in, increasing housing related poverty, resulting in inadequate expenditure on basic necessities such as food, clothing and transport.

High housing costs and pockets of low-cost housing also add an extra problematic dimension as the reaction to them by local communities can increase the social divide, undermine social cohesion and in areas of affluence, develop into a 'Not in My Back Yard' defensive behaviour. While this often relates to social housing, it also can apply to affordable, private housing. Even amongst moderate to high income households, high housing costs reduce household savings and non-housing expenditure that is important for long-term economic growth¹⁶.

For these reasons, housing affordability is a critical issue for Council and the supply of affordable housing a critical objective, noting that there is:

- Limited capacity for growth in public housing due to reductions in capital funding from the Commonwealth and State Governments and its focus on client targeting towards those of the highest need.
- Limitations to the capacity for growth of grant funded community housing due to the high cost of land and construction in inner urban areas.

¹⁴ The source for household income was the 2001 ABS Census. Incomes would have increased by 2006 but at a lesser amount than house and unit price inflation. Consequently, the proportion of households able to afford the threshold incomes would be marginally higher once 2006 household incomes are used. Further, the threshold income falls within defined income groups used by the ABS. This means that the precise proportions of households able to afford the threshold incomes are lower than the proportions provided.

¹⁵ Swinburne Institute for Social Research, *City of Port Phillip Sustainable Community Progress Indicators, Housing Indicator #3, Private Home Ownership and Rental Affordability in Port Phillip* (2006)

¹⁶ Burke, T., *Op.Cit.*

- A lack of forward, programmatic funding commitments from the State given the uncertainty of funding under the Commonwealth-State Housing Agreement.

Given the State encouragement and requirement for affordable housing in future developments in activity centres and strategic redevelopment sites (e.g. Melbourne 2030 strategy and Clause 12 and 16 of the State Planning Policy Framework), and the growing not for profit and private market for housing products that cater for low to moderate income households in mixed, social and private developments, the recognition and pursuit of the provision of affordable housing through new models and initiatives is essential. These can include, but are not limited to, the following:

- Rent setting models based on a proportion of market rent rather than a proportion of income.
- Private and community housing developers targeting low income wage earners (as are sometimes described as 'key workers'). This has important economic implications for local employers as anecdotal information indicates that employers are increasingly finding it difficult to secure low income or low-skilled employees, with these employees being forced to live a long distance from many areas that are unaffordable to them.
- Joint ventures or partnerships between community housing and private housing developers for mixed private, affordable and/or community housing.
- Community housing development companies introducing and pooling a variety of funding sources apart from government grants, e.g. sharing development costs with the private sector to create mixed housing outcomes or leveraging significant private sector debt finance.
- Councils entering into agreements with developers to deliver affordable housing as a proportion of total units in strategic redevelopment sites.
- Development entities being established that have benevolent objectives and mix affordable and market rate housing.
- Shared or partial equity housing.
- State housing authorities seeking the redevelopment of public housing estates to achieve mixed public and private or public, community and private housing.
- Municipal interest in planning mechanisms that achieve the provision of affordable housing such as 'inclusionary zoning'¹⁷ for generating affordable or community housing developer contributions.
- Researchers advocating for government subsidies, tax credits or long-term bonds to leverage private sector investment in affordable housing.

Port Phillip Council has traditionally played a proactive role addressing housing affordability and special needs and this topic remains a high priority on Council's agenda. There is now a need to substantively diversify public policy responses to the affordable housing issue. In particular, there is a need to move away from discrete public, community and private strategies for affordable housing provision towards broader strategies without sacrificing support for social housing strategies. This includes developing housing models for mixed private and social housing, hybridised housing solutions and attracting private sector interest in affordable housing provision or financing. Council is currently undertaking research into the body corporate implications of mixed developments of social and private housing or other uses, which will inform the development of these housing models.

An important issue in the debate on affordable housing is whether strategies should focus on areas of greatest need, in particular social housing, or be broadened as outlined above. Without a broadening of strategies and solutions, social housing will continue to be a marginalised, and to a degree neglected sector, within a broader spectrum of affordable housing options, including those targeting the private rental sector. Consequently, social housing will continue to be under resourced and under accepted unless it is recognised as a legitimate and important element of the affordable housing continuum.

¹⁷ The definition of 'inclusionary zoning' for the purpose of the Housing Strategy is defined in the Glossary.

Registered Affordable Housing Associations that traditionally provide community housing have the capacity and are beginning to target households with designated incomes above those that normally relate to social housing in the lower-moderate income groups. This includes assistance to low income wage earners (key workers) and is an example of the broadening of housing solutions.

Another strategy or solution includes the use of planning mechanisms to contribute to the supply of affordable or community housing and encouraging mixed housing developments delivered by either the private or community housing sectors. These types of strategies will, over time, address some of the need for affordable housing that social housing alone cannot adequately address.

Council's acknowledgement of, and commitment to, addressing the affordable housing problem in the municipality (and Inner Melbourne generally) may also contribute towards broader interest at the State and Commonwealth level in affordable housing solutions, which has been relatively low to date. This is particularly important, given that many effective strategies will require the support of State and Commonwealth Governments.

Objective 7

To expand the supply, distribution and type of social (public and community) housing available for the benefit of current and future residents of Port Phillip.

Social housing comprises forms of rental housing that are financed, owned and managed in ways that ensure this housing meets social objectives and social obligations. It includes public housing, community housing, indigenous housing, older person housing (independent living units) and disability housing¹⁸. Public housing comprises a form of social housing where the dwellings are financed, owned and managed by the State housing authority (Department of Human Services-Office of Housing); while community housing comprises various forms of rental housing which are owned and/or managed by community organisations such as housing associations, co-operatives, housing trusts, local government or a not-for-profit company¹⁹.

There are two types of community housing:

1. Housing that is managed by community organisations but financed, developed and owned by State housing authorities.
2. Housing that is financed, developed and owned by community organisations either on their own or under joint ventures with State housing authorities where the costs are shared.

Council's involvement in community housing provision generally falls under the latter definition including the former role of the City of Port Phillip under the Port Phillip Housing Program.

Recent Office of Housing (OoH) data indicates there are currently 3,386 social housing units provided in the City Port Phillip or 7.6% of Port Phillip's total 44,468 dwellings (as at the 2001 census). This comprises 914 units of community housing (2.1% of total dwellings) and 2,472 units of public housing (5.6% of total dwellings).

Public housing

In general terms, while social (public and community) housing is distributed across Port Phillip, there is a higher concentration of public housing in the northern parts of Port Phillip (South and Port Melbourne) and smaller levels in the southern parts (St Kilda).

¹⁸ Burke, M., McNellis, S. and Neske, C., *Affordable Housing Discussion Paper*, prepared for Yarra City Council by Swinburne Institute for Social Research (2006).

¹⁹ *Ibid.*

Port Phillip has three large public housing estates (Inkerman Heights/Henryville Street, St Kilda and Park Towers and Dorcas Street in South Melbourne with between 184 and 299 units each). These estates include high rise towers and walk up buildings constructed in the 1960's and 1970's, along with a large number of smaller, infill buildings built in the 1980s and 1990s. Together, they provide the bulk of affordable housing in Port Phillip, which is targeted to households in the bottom four income deciles²⁰ (i.e. the 40% of households with the lowest incomes).

Since 2001, the OoH commenced an upgrade of the estates with the upgrade program scheduled to be completed by 2015. Most of the estates are of reasonable quality compared with the average standard across inner Melbourne and have been, or will be, upgraded so there is limited opportunity for widespread redevelopment in the future. Any opportunities for redevelopment are only likely to occur where there are poor condition walk-up buildings or underutilised or vacant land between walk-up buildings, and could involve mixing public housing with either community and/or private housing. An example is the Raglan-Ingles estate in Port Melbourne, which has been totally redeveloped for new public housing involving the replacement of 64 three-bedroom units with 64 one, two and three-bedroom units to reflect current housing demand, and a portion of the site sold for private sector use.

The OoH allocates housing on a regional basis across the Inner South Metropolitan Region comprising Port Phillip and the Prahran and Windsor parts of Stonnington. People that are allocated housing do not require residency links to the area, although a proportion do have local residency. This means that Port Phillip residents compete for access with people from across the region and to a degree other parts of Melbourne. Waiting periods vary depending on the degree of social disadvantage experienced by the applicant, with waiting periods of between a few months to 4 years for people with recurrent homelessness, supported housing or special needs requirements, increasing to 8-15 years for the general waiting list for people of low income who do not meet the stringent early housing or priority eligibility criteria.

This limited access for Port Phillip's residents reinforces the importance of the Sponsorship Agreement Council has with the OoH. This agreement provides Council with sponsorship rights for older people to five public housing estates that had cash or land contributions from the former Cities of Port Melbourne, South Melbourne and St Kilda in the 1960s and 1970s. This Agreement ensures that residents with links to Port Phillip (a minimum of three years residency) are housed in these estates when vacancies occur.

The five estates comprise 437 units or approximately 14.4% of total public housing in Port Phillip and consist of:

- 482 Williamstown Rd, Port Melbourne.
- 'Shoreline' on Beaconsfield Parade, Albert Park.
- Layfield Court in Victoria Avenue, Albert Park.
- Inkerman Heights/Henryville Street, St Kilda and
- Pinaroo Village in Inkerman Street, St Kilda.

Council resolved to update the five indefinite sponsorship agreements in May 1999 and a single agreement covering all five estates was executed in 2004. This provides Council with sponsorship rights for all units for residents with links to Port Phillip and is administered by Council's Housing Information and Referral Officer. The Agreement also continues Council's 50% rate subsidy for the five estates under the Sponsorship Agreement. The former City of South Melbourne's cash contribution to Park Towers estate in South Melbourne was never associated with a corresponding Sponsorship Agreement, so is currently excluded from the Agreement. The 'Earls Court' public housing on The Esplanade in St Kilda also has a separate Agreement with Council that provides nomination rights to some units through Port Phillip Housing Association.

This previous involvement in the development of public housing in Port Phillip highlights the rich tradition of municipal involvement in the development of public housing in Port Phillip and

²⁰ The definition of 'decile' for the purpose of the Housing Strategy is defined in the Glossary.

the importance of public housing in this municipality. Despite this importance, a significant, continued growth of public housing in Port Phillip and across Victoria does not seem viable. This is due to the public housing system being in a state of crisis, attributable to three factors:

1. A large proportion of public housing comprises Housing Commission Victoria built estates that have a considerable backlog in asset maintenance, with many requiring significant upgrades or redevelopment. As a state-wide system, this public housing comprises a large asset liability for the OoH.
2. There was excessive client targeting of public housing allocations to people of the highest need (referred to as the segmented waiting list). This had its origins in the Mant Report (1992) into the New South Wales public housing system, but was triggered by the Commonwealth-State Housing Agreement in June 1997 and also became a trend in social housing reform across the Australian public housing system. Commencing in Victoria in February 1999, this has resulted in very high concentrations of the highest need residents being housed in public housing²¹. The repercussions of this allocation have been to significantly increase the rent rebate liability for the OoH due to higher rebates required and higher rent arrears. In addition, it has contributed to both increased levels of crime and disadvantage and the marginalisation of estates that increasingly were stigmatised in communities through being considered 'welfare housing'.
3. There have been funding cuts to social housing of 24.2%, by both the Commonwealth and State Government in Victoria between 2000/01 and 2006/07²². A large proportion of this comprises a decline in Commonwealth expenditure under the Commonwealth-State Housing Agreement and unless the current Agreement is renewed in 2008, the ability of the Office of Housing to fund public housing expansion will be severely limited.

The continuing priority for public housing investment will be expenditure targeted at estate upgrading or redevelopment that is funded out of State budgets, such as the \$200 million allocation under the 2007 State budget, or out of any renegotiated Commonwealth-State Housing Agreement. It is expected that allocations for estate redevelopment will be spent in partnership with registered Housing Associations and private developers to tap the leverage capacity of housing associations and the private sector. This approach also aims at breaking down the size of public housing estates through achieving mixed public, community and/or private housing outcomes. This priority is also consistent with bipartisan Commonwealth-State support for growing the community housing sector as a proportion of total social housing.

The combined impact of these liabilities and reforms is the constraint to the ongoing growth of public housing in Victoria. The corresponding policy implication for Council is that seeking public housing growth in Port Phillip by the State Government is limited and there will be only modest growth in public housing units in next 10 years. Council's efforts would, therefore, be directed at seeking the maintenance of existing numbers of public housing units, and, as an aspirational target, advocating for further investment to maintain and expand the proportion of total social units (public and community) housing relative to total housing in Port Phillip, as the amount of private housing continues to grow. It is acknowledged however, that in the case of public housing this will be difficult to achieve given its constraints and the extent of the ongoing private, multi unit development market.

Council can be most effective when working collaboratively with the OoH in assisting within the community development process and seeking a shared agreement in the way estates are redeveloped. A successful example is the Raglan-Ingles Estate in Port Melbourne, previously mentioned, that achieved no net loss of public housing units through the redevelopment process. Council should also support any other estate redevelopment proposals from the OoH through partnerships with registered Housing Associations and private developers that achieve mixed housing outcomes while maintaining or increasing numbers of public housing units.

²¹ Burke, T., *Housing Affordability: Final Report Prepared for Department of Premier and Cabinet*, Swinburne Institute for Social Research (2004)

²² Victorian Council of Social Service, *State Budget Analysis 2007-08 Housing*, May 2007

Community housing

Port Phillip also has a strong community housing sector with at least 2.1% of total dwellings comprising community housing. If independent community housing is included however, the proportion is higher at approximately 3.4%²³. This is concentrated in St Kilda and South Melbourne. Independent community housing refers to the distinction between the smaller amount of community housing on the Office of Housing's database (with an interest of the Director of Housing, either owned or part funded by the Office of Housing) and other community housing without such interest (e.g. provided independently by churches, charities or philanthropic trusts).

A notable characteristic of Port Phillip in comparison to other Metropolitan Melbourne municipalities is the high number of community housing managers and developers operating in Port Phillip, including three large organisations responsible for between 213 and 389 units, namely South Port Community Housing Group Inc., St Kilda Community Housing Ltd. and Port Phillip Housing Association Ltd (PPHA). South Port Community Housing and St Kilda Community Housing manage rooming houses for the OoH, while St Kilda Community Housing has also started to develop rooming house projects under joint ventures with the OoH. In addition, PPHA is a significant developer of various types of community housing. The existence of three large providers is unique for any single municipality. Community housing and community housing organisations play an important role in integrating residents into the communities of Port Phillip, thereby providing social stability and personal well-being. Community owned or managed rooming houses are also discussed under Objective 2.

Council's own role in community housing has been significant. Most prominent has been its role as a developer and owner of community housing that commenced after strong encouragement in 1985 by the former City of St Kilda, with the establishment of the St Kilda (now Port Phillip) Housing Program.

This role continued after the local government amalgamation process in 1994. In 1986 the St.Kilda Housing Association Inc., now Port Phillip Housing Association Ltd. (PPHA), was established to manage Council's community housing. After 1998 PPHA also became a developer through the use of net operating surpluses from the Program and undertaking joint ventures directly with the OoH.

The Port Phillip Housing Program has achieved the following over a 21 year period to 2006:

- Developed 389 units in 17 projects housing 491 residents (incorporating two PPHA projects with 78 units) for older persons, families, singles and youth, including disabled persons, including disabled persons units.
- Development of Council properties, including two air space developments over existing uses; purchase of private, State and Commonwealth land; and refurbishment or conversion of existing buildings or new construction of medium density housing.
- Most projects comprised joint ventures with the OoH under various joint venture programs, with one project comprising a joint venture with a private developer (Inkerman Oasis) and another being part of a partnership with a private developer (The Regal).
- The average development output was 19 units per year.
- Total funds leveraged were \$43.82 million comprising:
 - \$13.76 million from Council (31.4%)
 - \$3.22 million from PPHA (7.4%)
 - \$2.07 million from the Commonwealth Government (former LGCHP and CHP programs) (4.72%) and
 - \$24.80 million from the OoH (56.6%)

This program became the largest Local Government Housing Program in Australia.

²³ City of Port Phillip Housing Strategy 1997, Table 39 and Appendix 13

Since 2004 however, Council has no longer been a direct provider of community housing, having transferred the ownership and developer role to the PPHA under the Port Phillip Housing Trust, with PPHA being the Trustee company under the Trust. Council has committed to a \$4 million contribution (\$400,000 per year for 10 years) from 2005/06 – 2014/15, along with a \$2 million property contribution. These processes have allowed the PPHA to move to a debt finance arrangement for growing community housing that is leveraged against the transferred assets, as well as a regional developer across the Inner South Metropolitan Region.

Despite relinquishing the developer role for community housing, Council remains committed to providing ongoing support to the PPHA as its designated provider under the Port Phillip Housing Trust. Council will also continue to facilitate the provision of community housing by other community housing organisations through provision of information on housing need and acquisition and feasibility, general support and advocacy for community housing backed by a comprehensive and supportive policy framework, and 'in principle' statutory planning support for new projects.

In addition, Council will increasingly undertake the development of housing policy and research aimed at supporting the municipality's public and community housing sectors, private sector affordable housing provision and social housing service agencies. In particular, this research could include models for integrated independent living and supported older persons' housing and strategies for engaging with residents that are often opposed to new social housing development in their areas, given that resident objection is often an obstacle to the growth and even distribution of community housing in the municipality.

Objective 8

To promote a co-ordinated response that addresses the needs of people experiencing homelessness.

Safe, secure and affordable housing is undeniably the foundation for individual, family and community health and well being. Council recognises that there is currently a housing crisis that has been particularly evident across the municipality over the past 10 years. This has resulted in a shrinking of affordable, private rental housing and a loss of rooming house and pension level Supported Residential Service stock, which is felt most acutely by people who also experience chronic and complex health issues.

While the affordability problem in the municipality (and Inner Melbourne generally) and the loss of rooming houses is readily evidenced and statistically defined, the extent of homelessness²⁴ is not as comprehensively understood. On census night in 2001, it was identified that 29 people were staying in hostels for the homeless and a total of 59 people were counted in either improvised homes, tents or sleeping outdoors. As noted in Chapter 2 however, this is considered to be an underestimation of the number of homeless in the municipality.

Council acknowledges that many of the people experiencing homelessness do so through a lack of affordable, secure and accessible housing, whilst others also become homeless as a result of a lack of services to assist them in dealing with personal challenges. The Council Plan 2005-2009 states that sustainability and service are of the utmost importance. Sustainability means establishing processes and action that support social equity, economic viability, environmental responsibility and cultural viability, while service means aiming for timely and friendly service with more efficient responses to queries and requests.

To address both objectives of the Council Plan, Council employs a dedicated Housing Development Officer to develop housing policy and research. A Housing Information and Support Worker also provides intensive outreach housing information and support to the most

²⁴ The definition of 'homelessness' for the purpose of the Housing Strategy is defined in the Glossary.

vulnerable residents, including involvement when rooming houses and Supported Residential Services have closed. In addition, Council has funded innovative community development and health and recreation outreach programs, particularly to people living in rooming houses and public housing. This includes involvement in developing and implementing the 'Sudden Rooming Closure House Protocols' to co-ordinate relocation assistance when rooming houses close.

Alongside these valuable local housing resources, Council has also integrated its Local Laws with its housing information and support role to address the complex issues surrounding homelessness. This integration addresses both the administrative processes and the 'grass roots' response to homelessness and is contained in the Homelessness Protocol of *Community Amenity-Local Law No. 3, 2005*, which was first introduced in 2001. This includes an accompanying *Procedure and Protocol Manual-Part 5B- Process to Apply Where a Person is Camping*, which outlines the implementation process when considering the situation of a person who is homeless and camping or may be sleeping rough. Specifically, this states that individuals are not in contravention of the Local Law (or subject to fines) when they are homeless or in need of secure accommodation, have complex needs, are in need of additional assistance because of mental or physical disability or illness, or had occupied a vehicle for no more than one 8 hour period in a week.

An evaluation of the policy however, found that it still places homelessness within an enforcement and place management approach without articulating Council's broader strategies for creating personal health and well-being and means of addressing homelessness. A broader policy response is needed to further develop response networks and communication, strengthen relationships and involvement of key stakeholders, develop longer-term support systems, early intervention programs and services which meet the needs of the community and provide more outreach to people experiencing homelessness. Further, policy should include the investigation of emergency and short term housing needs and their links to long-term, social housing. There is also a role for Council in providing community education on issues associated with homelessness. This evaluation follows Council's endorsement of the Victorian Protocol for responding to Homelessness in Public Places devised by the State Government with input from a number of local agencies including Councils, Victorian Police, Department of Justice, Commonwealth Games and Department of Human Services during the Commonwealth Games. All involved have retained this as a legacy document.

A more comprehensive local policy response should also be developed under a City of Port Phillip Homelessness Strategy, and a wider regional initiative on homelessness investigated and pursued. The importance for a regional Homelessness Strategy was highlighted by recent research findings that found that over half (53%) of homeless people developed mental health problems after becoming homeless.²⁵ This illustrates the potential social and economic flow-on effects of homelessness on health expenditure and community health and well-being.

²⁵ Chamberlain, C., et al., Op. Cit.

5. Strategy Constraints

5.0 INTRODUCTION

The objectives outlined in Chapter 4 have to be met within the context of a complex environment with sometimes conflicting objectives and finite resources. These will shape the way in which solutions are found and actions delivered.

In Port Phillip, the main constraints to the success of the Housing Strategy can be identified as: limited and uncertain resources; the nature of the planning system; the lack of integrated Commonwealth and State Government direction and legislation on regulating private sector provision of affordable housing in perpetuity; the nature of the housing market; the need to improve private partnership and community education, and the geography of the municipality.

5.1 RESOURCES

In 2005 Council handed control of its housing stock to the Port Phillip Housing Association and committed to a \$4 million contribution (\$400,000 per year for 10 years) from 2005/2006 – 2014/2015, plus a \$2 million property contribution. Council's land resource is limited and there is uncertainty about the continued provision of affordable housing that is targeted to specific households with evident need, particularly ones that are largely unprovided for in the private market. As a result, Council continues to rely heavily on not for profit and philanthropic organisations as providers of crisis accommodation, rooming houses, and residential aged care. Increased provision of accommodation in the municipality for those most in need of shelter is insecure, as many of these providers rely upon State and Commonwealth Government funding which can vary with every budget.

5.2 THE PLANNING SYSTEM

Many of the planning responsibilities of Council have important impacts on housing outcomes within the municipality. Planning decisions can affect the availability of residential land, the timing and costs associated with development, the design and configuration of new housing, and the preservation of existing sources of low cost housing stock. For instance:

- Land use zoning decisions govern the availability of residential land, and the location of new residential development, in relation to transport, services, and employment.
- Development controls influence the way that new housing is designed and configured, and can affect the appropriateness, affordability and the likely cost and tenure of new developments.
- Development conditions can mitigate the social or environmental impact of approved developments, for instance, through the use of developer contributions to fund community infrastructure, or potentially, affordable housing (although the latter has yet to be tested in Port Phillip).

The planning system can stimulate, shape and regulate the housing market as well as build capacity for change, however the planning system can also impose costs if it is slow or lacks transparency. If the system results in too little land being developed, the price of available land and the price of developed land may rise excessively, which has implications for investment as well as affordable housing output.

There are many examples of developers asserting that the planning process is too complicated, too long, too expensive and contains too much uncertainty. Often the only area of common agreement between developers and residents is the lack of certainty in the current system; developers want to know what they will be permitted to do so that they can make business investment decisions in a clearer climate, and residents want to know what sorts of development they can expect in their local area.

Achieving certainty through the use of Overlays can mean being prescriptive, which in turn may not meet the expectations and desires of developers and the community and could stifle

design options. Achieving certainty through Zoning could result in the impingement of democratic appeal rights –particularly where an area is re-zoned to a Residential 2 Zone, which removes advertising and appeal rights.

In instances where Council seeks to secure more certainty for residents and developers on development and/or use, whether through a revision to a local policy objective or a more comprehensive zone change, an amendment to the Planning Scheme is required. This is a lengthy and arduous process with no guarantee of State support. The potential for providing more clear direction, support and speedy decision making for development is therefore limited. This does not mean that there is no room for improvement in the current Planning Scheme or system or that Council is not committed to implementing 'best practice' initiatives aimed at ensuring consistent, timely and sound decision-making. Improvements to planning practice and effectiveness must ensure that the right balance is achieved between different objectives (which at times will conflict), which is more often easier said than done.

In relation to the need and pursuit of affordable housing options in the municipality, the Victorian Planning and Environment Act 1987 fails to promote any planning mechanisms to achieve affordable housing outcomes. As a result Council will continue to find it difficult to attain affordable housing in the municipality through the planning process.

5.3 INTEGRATION WITH COMMONWEALTH AND STATE GOVERNMENTS

The traditional method of delivering affordable housing and housing assistance in Australia has been through the provision of public housing and Commonwealth Rent Assistance; however it has been recognised that these models cannot by themselves meet the national housing assistance challenge. This is on the basis that the capacity for net stock expansion in socially owned housing has all but disappeared, due to the decline in Commonwealth State Housing Agreement funding. In addition, more than one third of all CRA recipients pay more than 30% of their income in rent, which is the common affordability yardstick, because CRA payments have not kept pace with increases in private rental costs. This is a clear indicator that there is an urgent need to substantively diversify public policy responses to the affordable housing issue.

Responsibility for affordable housing has been devolved and decentralised away from the Australian Commonwealth Government, such that State and Local Government have been forced to try to come up with a variety of incentives and subsidies to encourage the private developer to engage in the provision of affordable housing. The direct role of private development is miniscule, with State policy makers focussing on an expanded role for small-scale not for profit entities with limited track record in large-scale financing and development. This model has yet to show any signs of working on a grand scale, and State and Commonwealth Governments have yet to implement new models that induce private developers to build more affordable housing.

It is acknowledged that the as a result of the State Government's 'Strategy for Growth in Housing Low Income Victorians' (2003), six housing associations were created across the state (by 2007). In terms of financing the housing associations however, the principal source of funds is public rather than private, with the associations relying on social equity partners such as Councils, churches and not for profit organisations, with developer contributions largely absent.

Both the UK and US systems (and to a certain extent NSW) obtain private sector affordable housing contributions through planning system controls, either by requiring a monetary contribution based on the market value of a certain percentage of overall floor space, which is then allocated to affordable housing development elsewhere, or a proportion of that new development as affordable housing. This does not mean to imply that such a system is the preferred or only mechanism to address the affordability crisis, but it highlights that the Australian system is fragmented and piecemeal in its approach, undercapitalised and lacking a consistent regulatory framework.

5.4 THE HOUSING MARKET

The buoyant inner urban housing market has led to high land and development costs, rising house prices, a buoyant private rented sector and evident housing stress in Port Phillip. It has also led to a shortage of skilled construction workers, which causes delays in building timeframes, in addition to the lack of Commonwealth and State Government commitment to placing some onus upon the private sector to help remediate the deficiency of affordable housing. These factors all hinder Council's ability to provide/ensure affordable housing in the municipality and to raise physical and management standards in the private rented sector.

5.5 STRENGTHENED PRIVATE PARTNERSHIP

The establishment of partnerships with the Port Phillip Housing Association, the Office of Housing and to some extent the private sector has been a critical element of Council's success in achieving affordable housing outcomes. An underlying element to this success has been the consistency of Council's policies on affordable housing over time, which has been critical given the long lead times (from a few years to decades) required to build and then restructure the Port Phillip Housing Program, develop individual housing projects and investigate complex initiatives. In addition, numerous Council departments have been working together to ensure that there is internal policy consistency, for example between the Housing and Wellbeing Plan 2007-17, the Health Strategy 2007-2017 and the Ageing Well Strategy 2007-2017.

The capacity for new and suitable housing development (including affordable housing) for Port Phillip's present and future residents is somewhat dependent on the capacity of relationships between Council and developers, and the exchange of information between parties. This is at present ad hoc and generally reliant upon the planning application process to deliver the municipality's housing issues message to developers. That is not to say that planning is not capable of building capacity among developers and others engaged in the local property development markets –it is very well placed to gather and monitor housing application figures and dwelling completions, engage with stakeholders such as local businesses and communities through planning processes such as Structure Plans, and distribute State Government housing objective messages. Nonetheless, the collection and communication of housing needs and demand information requires a more overt Council-private sector partnership approach, with a common set of aims and objectives.

All of the objectives and 'critical success factors' mentioned in this Strategy cannot be achieved or implemented by Council alone, rather partnership working is an essential ingredient. Without investment in this mechanism Council will find it difficult to broaden interest in the municipality's housing issues and attract more private sector resources into affordable housing provision. In relation to the private sector provision of affordable housing, it will remain increasingly difficult for developers to actively contribute to the stock when a definition of affordable housing cannot be reached. The lack of a local market concept of affordability to guide interested developers remains a constraint to improving the private sector contribution of 'affordable' housing in the City.

5.6 COMMUNITY ENGAGEMENT AND EDUCATION

One other aspect of partnership that is currently lacking is with the wider community and existing residents. The expectations of Melbourne 2030 and Victoria in Future for Port Phillip to accommodate a considerable share of 90,000 dwellings by the year 2030 has not been suitably communicated with residents, such that built form and density changes across the municipality could continue to be resisted, contrary to policy drivers. Council's role is not to impose housing development at will across the municipality, but rather to continue to apply the Planning Scheme provisions as well as act upon the Community Plan objectives when assessing the appropriateness of the proposal.

A population increase will occur over the next two decades and will need to be accommodated in the municipality with some occurring adjacent to existing residents. Improved partnership and communication with the community is therefore vital for the community to understand the drivers of development and Council's responsibility to respond to those drivers and provide for new households. However, if such communication with the community is left until times when

medium/large-scale residential applications are lodged, unnecessary anxiety amongst residents could result, which could inspire reactive or 'in principle' objections to the subject development. Such reactive objections can delay the application process and constrain appropriate development, which could lead to a dwelling shortfall and in turn drive up prices across the municipality as a whole.

This is not to suggest that all objections to development applications are reactive or without merit; on the contrary planning decisions are made through a statutory process which is designed to represent the views of the communities about the development of their area. Good decisions however, can only be made and imparted where up front communication and education of housing needs and drivers are delivered to the community (and the developer), particularly where crisis housing is concerned as this tends to inspire considerable concern among residents.

5.7 GEOGRAPHY

A key constraint to the provision of a diversity of housing forms is the geography of the municipality; Port Phillip is physically constrained by the Bay and the boundaries of built-up neighbouring municipalities, such that there is limited opportunity for residential expansion. Thus, in trying to accommodate 19,624 new households (i.e. 16,300 new dwellings) by 2030, Council will have no option but to seek higher density housing. While there has been a decline in detached dwellings (particularly family size dwellings) in the last 10 years and there is a community fear of changing neighbourhood character as a result of higher densities, it must be acknowledged that geographical constraints inhibit the large scale development of low-rise and detached housing. One of the key objectives of the Strategy is to encourage diversity of housing type and form, and both Council and community need to understand that this will not be possible or pursued on all development sites.

5.8 CONCLUSION

Council has limits in its role and ability to influence the housing market. Council no longer has a role either as a direct provider of housing or property developer, rather its activity extends to identifying opportunities, adopting and promoting policies supportive of identified housing needs, creating statutory processes to facilitate achievement of policy objectives, and proactively encouraging private sector investment in appropriate residential development.

6. An Effective Housing Strategy

6.0 RECOMMENDED STRATEGIES AND IMPLEMENTATION ACTIONS

A comprehensive range of inter-related initiatives intended are recommended to achieve the Strategy's objectives and address housing and residential development issues. In formulating the Strategy, Council's approach has been to ensure that each of the strategies contributing to the achievement of any one of the objectives, reinforces and complements the total set of objectives.

The Strategy recommends a number of initiatives and proposals, ranging from quite detailed and specific projects to conceptual ideas. Some could be implemented almost immediately, whilst others either require further study before they could proceed or sustained partnerships and ongoing lobbying, which could mean results will take a long time to be realised. Some of the actions will be implemented through the Port Phillip Planning Scheme while, others require action from other Council departments, the community, government organisations and business. All actions take one of the following forms:

- Advocacy/leadership
- Direct action
- Further research/investigation

The 'Measure of Success' column is not simply the completion of an action, but rather looks at the 'big picture' and indicates what the success (or end result) will look like when the action has been completed. This is an important measure in terms of prioritizing the commencement of each action and is a clear indicator of whether Council has achieved what it has committed itself to achieve.

Each action is given a short term, medium term and long term priority, based on an assessment of the form of the action and measure of success. This indicates the importance of the action and the timeframe in which the action will be undertaken.

- Short term tasks should be commenced within 1-2 years
- Medium term actions should be commenced within 3-5 years
- Long term tasks should be commenced within 6-10 years

The 'Project Lead' column identifies the lead partner/participants required to undertake each action. Where there is more than one project lead, each has been identified separately. It is noted that each action may require input from a range of other Council departments and external stakeholders for successful completion.

Objective 1							
To provide opportunities for new residential development in designated locations which have the capacity for change, and which offer highest accessibility to shops, public transport, and services.							
	Strategy		Action	Form of action	Measure of Success	Priority	Project Lead
1.1	Direct new housing to the 'preferred housing growth areas' identified on the Residential Framework Plan.	1.1.1	Amend the Planning Scheme to include the Housing Opportunities Framework Plan and reflect the Housing Growth Strategy.	Direct action – the Framework Plan / Growth Strategy will be incorporated into the MSS as part of the MSS review	Plan / Strategy incorporated into the MSS. New housing occurring in identified preferred growth areas.	Immediate	Strategic Planning
		1.1.2	Investigate the potential to apply planning provisions which more effectively direct housing growth to preferred areas (through offering higher development yield / certainty). (Note: action to be undertaken following the current State Government review of Residential / Mixed Use Zones).	Direct action – currently identified as part of Strategic Planning work plan, identified during the MSS audit/review	Development occurring in accordance with the Housing Opportunities Framework Plan	Short - medium term	Strategic Planning
		1.1.3	Investigate opportunities to work with the private sector to ensure they are informed about residential development opportunities and can actively respond to them.	Advocacy/leadership	Development occurring in accordance with the Housing Opportunities Framework Plan	Short term & ongoing	Strategic Planning
1.2	Strengthen planning scheme provisions which manage the extent, location and built form of residential development within the established residential areas of Port Phillip. (Note: Refer also Actions under Strategy 3.1 relating to Neighbourhood Character)	1.2.1	Identify 'incremental change areas' proximate to major activity centres (through the development of Structure Plans / Urban Design Frameworks) and develop 'preferred character statements' to guide future residential development in these areas.	Direct action – currently identified as part of Strategic Planning work plan, identified during the MSS audit/review	Protection of neighbourhood character in new development	Short term	Strategic Planning
		1.2.2	Investigate the potential to apply a range of residential provisions which more effectively directs housing growth across established residential areas to support and implement 'incremental / limited and minimal change strategies. (Note: action to be undertaken following the current State Government review of Residential Zones).	Direct action – currently identified as part of Strategic Planning work plan, identified during the MSS audit/review	Development occurring in accordance with the Housing Opportunities Framework Plan	Short - medium term	Strategic Planning
1.3	Identify new residential development opportunities within Activity Centres (nominated for moderate growth) which do not compromise the commercial or cultural role of the centre.	1.3.1	Undertake a program of structure plan and urban design framework preparation for activity centres defined as moderate growth areas., to guide the appropriate location / form of residential development.	Direct action – this is already part of the Strategic Planning work plan, in response to Melbourne 2030	Housing growth occurring in identified areas in Structure Plan, in accordance with specified design requirements	Short – medium term	Strategic Planning
1.4	Direct residential development within mixed use and commercial areas above ground floor.	1.4.1	Investigate variations to planning provisions and amenity standards (i.e. open space, car parking, street access) to encourage shop-top housing.	Direct action – this needs to be included on the Strategic Planning work plan	Increase in number of shop-top housing proposals	Medium term	Strategic Planning
1.5	Ensure service and infrastructure provision is responsive to housing growth.	1.5.1	Investigate the application of development contributions for major development proposals, to improve service and infrastructure provision.	Direct action – this needs to be included on the Strategic Planning work plan	Service and infrastructure provision that meets new development needs	Medium-long term	Strategic Planning

Objective 2							
To encourage the provision of a diversity of dwelling types to meet the needs of all current and future residents of Port Phillip.							
	Strategy		Action	Form of action	Measure of Success	Priority	Project Lead
2.1	Ensure that new private sector housing developments achieve a greater mix in dwelling types and sizes.	2.1.1	Build industry awareness of the Housing Strategy outcomes, particularly opportunities for provision of different housing types (older persons', family and low-cost housing.)	Advocacy/leadership –opportunity to use the pre-application / application process	Improvement in the provision of a diversity of housing types	Ongoing	Statutory Planning
		2.1.2	Monitor development approvals to determine whether development is locating in areas recognised with high or moderate propensity for residential change and growth and to determine if a diversity of dwelling types and sizes is being achieved.	Direct action – reporting on development approvals already occurs within the Statutory Planning unit	Diversity of dwellings across the municipality – if this is not being achieved, it will indicate a failure of other actions	Ongoing	Statutory Planning
		2.1.3	Advocate for State policy and legislation to include the requirement for new developments of 10+ dwellings to include a range of dwelling sizes, number of bedrooms and affordable housing options	Advocacy/leadership	Increase in the provision of a diversity of dwellings Greater statutory weight to require dwelling diversity	Medium term	Strategic Planning
		2.1.4	Investigate a change to the parking rates established by the Planning Scheme for 'low-cost' residential developments in appropriate locations.	Direct action – this needs to be included on the Strategic Planning work plan	Increased provision of low cost housing	Medium term.	Strategic Planning
2.2	Support the continued operation of private rooming houses.	2.2.1	Investigate the implications of providing one-off grants per bed to private rooming houses (not exceed the amount of rates paid on the property each year).	Further research / investigation	Retention of private rooming houses	Medium term	Housing Development Officer
		2.2.2	Advocate with the State Government and/or Local Government peak bodies for the establishment of a Melbourne Rooming House Inventory.	Advocacy/leadership	Directory that provides a basis for decisions regarding the supply of rooming houses across the region	Medium term	Housing Development Officer
		2.2.3	Consider streamlining the regulatory inspection process to provide rooming house owners and operators improved service.	Further research/investigation	Private rooming house owners continuing to operate	Medium term	Housing Development Officer
		2.2.4	Advocate for the Office of Housing to reintroduce a private rooming house upgrade grant scheme targeted at rooming houses at risk of closure due to fire safety issues.	Advocacy/leadership	Rooming houses at risk of closure continuing to operate	Medium to long term	Housing Development Officer

Objective 3							
To ensure new residential development respects neighbourhood character and heritage values of established residential areas.							
	Strategy		Action	Form of action	Measure of Success	Priority	Project Lead
3.1	Ensure new developments are responsive to valued neighbourhood character.	3.1.1	Review the 'Neighbourhood Character Framework' for established residential areas outside the Heritage Overlay, including the development of 'Preferred Character Statements' to guide the form of residential development in these areas.	Direct action – this is already part of the Strategic Planning work plan	Better planning decisions and protection of neighbourhood character	Short term	Strategic Planning
		3.1.2	Identify areas of consistent /special neighbourhood character and investigate the application of appropriate planning (VPP) tools, including the 'Neighbourhood Character Overlay'.	Direct action – this work will follow on from the outcome of Action 3.1.1	Better planning decisions and protection of neighbourhood character	Short to medium term	Strategic Planning
Objective 4							
To expect environmentally sustainable residential development.							
	Strategy		Action	Form of action	Measure of Success	Priority	Project lead
4.1	Ensure new residential development responds to best practice environmental design guidelines.	4.1.1	Amend the Planning Scheme to require all development to be environmentally sustainable.	Direct action – this is already part of the Strategic Planning work plan, identified during the MSS audit/review	All new development incorporating ESD measures via policy	Short term	Strategic Planning
		4.1.2	Lobby State Government for the inclusion of stronger ESD measures in ResCode and Clause 19.03 of the Planning Scheme.	Advocacy/leadership	Statutory weight to require all development to incorporate ESD measures	Short term	City Development
4.2	Encourage residents to adopt more environmentally friendly practices.	4.3.1	Provide educational displays and materials to applicants and members of the public about how to design and build for improved energy efficiency and other sustainable design.	Direct action – this is part of the Project Lead's current work plan	More energy efficient homes and sustainable living practices	Short term & ongoing	Sustainable Design Architect

Objective 5							
To support housing designs which are adaptable and accessible.							
	Strategy		Action	Form of action	Measure of Success	Priority	Project lead
5.1	Encourage all residential development to incorporate design features that provide accessibility to people of all ability.	5.1.1	Lobby State Government for the inclusion of stronger accessibility requirements in the Planning Scheme and make a formal request to change the Building Code of Australia so that Class 1 and 2 buildings are not exempt from the 1428 Australian Standard.	Advocacy/leadership – accessibility provisions in the planning scheme part of current Strategic Planning work plan. Changes to the Building Code need to be included in the Building work plan.	All new residential buildings accessible (a statutory requirement in the Planning Scheme and Building Code)	Short to medium term	Strategic Planning, Building
		5.1.2	Educate the statutory planning staff and developers of disability access issues, including an owner’s responsibility under the Disability Discrimination Act 1992.	Advocacy/leadership	Greater proportion of buildings incorporating disability access	Immediate	Building
5.2	Ensure housing is responsible to the needs of older people.	5.2.1	Promote the State Government’s Home Renovation Service to older persons living in the City of Port Phillip	Advocacy/leadership	Older persons upgrading their dwelling so that they can remain at home	Short term & ongoing	Ageing Diversity Policy & Partnerships
		5.2.2	Advocate for an increase in the one-off Department of Human Services grant for renovations to private housing to a more realistic figure, and to be made available on more than one occasion.	Advocacy/leadership	Dwellings upgraded so that older persons / persons with a disability can remain at home	Short term & ongoing	Ageing Diversity Policy & Partnerships
5.3	Encourage the provision of adaptable housing.	5.3.1	Promote and advocate for the need to make older persons housing units ground floor accessible and encourage the Office of Housing to incorporate disability design features as a standard requirement in new or redeveloped stock.	Advocacy/leadership	Older persons / persons with a disability able to live in Port Phillip	Medium term	Ageing Diversity Policy & Partnerships
		5.3.2	Undertake research into integrated independent older person units and hostel and nursing home level care to enable ‘ageing in place’.	Further research/investigation	Greater provision of housing for older people in Port Phillip	Medium to long term	Ageing Diversity Policy & Partnerships

Objective 6							
To promote a range of affordable housing models and projects applicable to public, community and private housing that address the housing needs of low to moderate income residents and contribute to social diversity.							
	Strategy		Action	Form of action	Measure of Success	Priority	Project lead
6.1	Investigate ways in which developers can contribute to the provision of affordable housing.	6.1.1	Under the Inner Regional Housing Statement and Inner Melbourne Action Plan, lobby the State Government for the inclusion of an Affordable Housing Overlay (through inclusionary zoning) in the Planning Scheme	Advocacy /leadership – this is already being pursued through IMAP and is part of the Project Lead’s work plan	Increased provision of affordable housing in the municipality and the region	Short term	Housing Development Officer
6.2	Support the provision of affordable housing.	6.2.1	Identify suitable council, State, institutional and private sites for affordable housing developments and facilitate their development.	Direct action – this is already part of the Project Lead’s work plan	Construction of affordable housing development on identified sites in the municipality	Short term & ongoing	Housing Development Officer, Strategic Planning,
		6.2.2	Support campaigns for the expansion of affordable housing, including those undertaken by the Affordable Housing Research Consortium, Australians for Affordable Housing, Housing Justice Round Table, National Affordable Housing Summit and National Affordable Housing Agreement	Advocacy and leadership	Expansion of affordable housing within the municipality.	Ongoing	Housing Development Officer
		6.2.3	Monitor research into the housing affordability needs of low income wage earners (key workers) in order to consider appropriate strategies to address this need.	Further research/ investigation	Identification of affordable housing needs of low income wage earners.	Ongoing	Housing Development Officer
6.3	Encourage development of well designed affordable housing.	6.3.1	Investigate means to incorporate into the City of Port Phillip Design and Development Awards a category for affordable housing.	Further research/ investigation	Well designed affordable housing developments in the municipality	Short term	Urban Design Advisor; Housing Development Officer
6.4	Develop affordable housing models	6.4.1	Explore alternative models and funding sources for mixed affordable housing by private and social housing developers or hybridised housing solutions, to reduce dependence on government grants.	Further research/investigation	Increase in private / public / community housing stock in the municipality	Short to medium term	Housing Development Officer

Objective 7							
To expand the supply, distribution and type of social (public and community) housing available for the benefit of current and future residents of Port Phillip.							
	Strategy		Action	Form of action	Measure of Success	Priority	Project lead
7.1	Facilitate the provision of social housing development.	7.1.1	Lobby State Government to provide Council with Planning Tools to fast track applications for social housing.	Advocacy/leadership	Limited delays in approval of social housing	Medium term	City Development
7.2	Support the retention and provision of community housing, including rooming houses, by the Port Phillip Housing Association Ltd and other community housing associations.	7.2.1	Assist community housing providers with information on housing need and identification of properties suitable for community housing. Support joint venture funding applications and provide support during the statutory planning permit processes.	Direct action; advocacy/ leadership	Increase in community housing provision	Ongoing	Housing Development Officer
		7.2.2	Identify private rooming houses that are at risk of closure or redevelopment to other uses and support strategies for their acquisition.	Research/investigation	Retention of community housing, through acquisition of the private rooming houses at risk of closure	Short-medium term	Housing Development Officer
		7.2.3	Advocate the State Government on behalf of community housing providers/organisations to maintain the diversity of the local community housing sector.	Advocacy/leadership	Retention of the diversity of the local community housing sector	Ongoing	Housing Development Officer
7.3	Support and facilitate the construction of new community housing, including rooming houses, by the Port Phillip Housing Association Ltd.	7.3.1	Transfer title to the property asset, 46-58 Marlborough Street, Balaclava to the Port Phillip Housing Trust (at an appropriate stage) and investigate opportunities for the transfer of other potential Council property assets.	Direct action; further research/ investigation	Increase in community housing provision in the municipality	Short to medium term	Housing Development Officer
		7.3.2	Continue to provide annual cash contributions to the Port Phillip Housing Trust	Direct action	Annual contributions	Short term and ongoing	Housing Development Officer
7.4	Maintain existing levels of public housing (unit numbers) and seek an expansion of existing social (public and community) housing.	7.4.1	Advocate the State Government for the expansion of social housing (public and community) housing unit numbers as a proportion of total dwellings and seek the maintenance of maintaining existing public housing levels (unit numbers).	Advocacy/leadership	Expansion of social housing levels and the retention of public housing in the municipality	Ongoing	Housing Development Officer
		7.4.2	Collaborate with the Office of Housing on estate upgrade and redevelopment proposals to ensure that there is no net loss of units	Advocacy/leadership	Retention and upgrade of public housing within the municipality	Ongoing	Housing Development Officer, Housing Information & Support Worker
7.5	Safeguard the administration of the sponsorship of public housing to ensure local residents are allocated these units.	7.5.1	Continue the Deed of Sponsorship Agreement to provide for low income, older people.	Direct action	Maintenance of sponsorship rights	Short term	Housing Information & Support Worker
		7.5.2	Protect Council's interests in the Park Towers Estate at 332 Park Street, South Melbourne.	Direct action	Formal recognition of Council's interests	Short term	Housing Development Officer,

7.6	Aid decision making in relation to policy development and program development.	7.6.1	Manage relationships with the Office of Housing and Centrelink to facilitate the sharing of data and information relevant to housing need service provision.	Advocacy/leadership	Improved housing service need provision	Short term	Housing Development Officer, Housing Information & Support Worker
		7.6.2	Undertake a research project into the method for engaging with the community in the event of introducing new community or affordable housing projects, including rooming houses, into their neighbourhoods.	Further research/investigation	Better management of community concerns / expectations regarding new housing projects	Ongoing	Housing Development Officer
7.7	Facilitate community development and support models for older people within public housing communities.	7.7.1	Advocate for the extension of the Office of Housing Older People High Rise Support Program to low density public housing and high rise mixed towers with a 50% older people tenancy.	Advocacy/leadership	Increased proportion of older persons residing in public housing	Medium term	Housing Information & Support Worker
7.8	Support the promotion and advocacy of the community housing section.	7.8.1	Maintain membership of the Community Housing Federation of Victoria and Community Housing Federation of Australia and participate in advocacy practices for the further development of community housing.	Advocacy/leadership	Increase in community housing provision	Ongoing	Housing Development Officer
		7.8.2	Organise and lead periodic meetings with the local community housing sector to support their role, provide information and support the maintenance of adequate, local community housing diversity.	Advocacy/leadership	Promotion of community housing	Ongoing	Housing Development Officer

Objective 8

To promote a co-ordinated response that addresses the needs of people experiencing homelessness.

	Strategy		Action	Form of action	Measure of Success	Priority	Project lead
8.1	Develop an approach to the planning for, and response to homelessness.	8.1.1	Prepare a Homelessness Strategy.	Direct action	Reduction in number of homelessness in the municipality	Short term	Housing Information & Support Worker
		8.1.2	Develop in-house staff training, guidelines and an information package for internal service provision on issues related to homelessness, and prepare 'harm minimisation' intervention guidelines.	Direct action	Better management of homelessness	Short term	Housing Information & Support Worker

Appendix 1

Strategic Framework for Housing Growth Strategy

Preferred Housing Growth Areas:			
<ul style="list-style-type: none"> ▪ 'Growth led' change ▪ High to moderate capacity for new residential development 			
Level of Change / Strategic Basis for Directing Growth	Spatial Opportunities	Statement of Development / Built Form Intent	Planning Provisions - to manage level of change / built form outcomes
<p>Substantial Change Areas Strategically appropriate locations for housing growth* which provide new housing opportunities as part of the 'renewal' of precincts / large sites. They offer the potential for more intensive development through the creation of a discrete, new built form character.</p> <p>* areas proximate to major activity centres <u>and</u> / or the PPTN.</p> <p>These areas are expected to accommodate some 68.4 % of total growth to 2031.</p>	<p>Strategic Redevelopment Precincts:</p> <ul style="list-style-type: none"> - All Mixed Use Zones - St Kilda Road / Albert Road / Queens Road Precinct <p>Strategic Redevelopment Sites: Individual sites identified by the Urban Development Program.</p>	<p>Structure Plans / Urban Design Frameworks</p>	<p><u>Zoning:</u> Mixed Use Business 5 Residential 1</p> <p><u>Built Form controls:</u> Design and Development Overlay. Some individual site affected by the Heritage Overlay.</p>
<p>Moderate Change Areas Activity centres, which have the capacity to absorb some increase in development intensity as part of (or directly adjacent) the established retail / commercial strip. The location of development and level of intensification must not compromise the economic function or streetscape character of the centre.</p> <p>These areas are expected to accommodate some 12.3 % of total growth to 2031.</p>	<p>Retail / commercial strips within specified activity centres. New residential development to occur -</p> <ul style="list-style-type: none"> ▪ above ground as part of new mixed use development ▪ as 'shop top' housing (above / to the rear of existing retail / commercial premises) <p>Specified Activity Centres:</p> <ul style="list-style-type: none"> - All Major Activity Centres - Ormond Road / Glen Huntly Neighbourhood Activity Centre - St Kilda Road South (commercial) Activity Centre 	<p>Structure Plans / Urban Design Frameworks</p>	<p><u>Zoning:</u> Business 1 Business 5 Business 2</p> <p><u>Built Form controls:</u> Design and Development Overlay and / or Heritage Overlay</p>

Established Residential Areas:			
<ul style="list-style-type: none"> ▪ Character led change ▪ Lower capacity for new residential development 			
Level of Change / Strategic Basis for Directing Growth	Spatial Opportunities	Statement of Development / Built Form Intent	Planning Provisions - to manage level of change / built form outcomes
<p>Incremental change ('infill') areas Established residential areas where there is justification for some further medium density 'infill' housing based on:</p> <ul style="list-style-type: none"> ▪ proximity to the PPTN, or ▪ proximity to a major or large neighbourhood activity centre <p>and</p> <ul style="list-style-type: none"> ▪ an existing 'diverse' neighbourhood character (capable of accommodating change). <p>New development will be required to respect the 'preferred character' defined for the area.</p>	<p>Nominated* residential areas, generally within 400m of a major or large neighbourhood activity centre.</p> <p>Residential areas along Main Roads (with direct access to the fixed rail PPTN)</p> <p>(*areas specifically identified in an approved Structure Plan or Urban Design Framework).</p>	<p><u>Strategic Direction:</u> Structure Plans / Urban Design Frameworks</p> <p>(Identification of 'diverse' character areas in close proximity to a major activity centre).</p>	<p><u>Zoning:</u> Residential 1 zone*</p> <p><u>Built Form Controls:</u> Existing Neighbourhood Character Study Future Work: - Development of 'Preferred Character Statements' for nominated incremental change areas proximate to activity centres (in association with Structure Plans / Urban Design Frameworks).</p> <p>*revise when State Government review of residential zones is completed.</p>
<p>Limited Change Areas Established residential areas where future medium density 'infill' development is not to be encouraged based on:</p> <ul style="list-style-type: none"> ▪ limited proximity to the PPTN, and any major or neighbourhood level activity centre, <p>or</p> <ul style="list-style-type: none"> ▪ the area's 'consistent' neighbourhood character. 	<p>All established residential areas outside the Heritage Overlay which have not been identified specifically as locations for 'incremental change'.</p>	<p><u>Strategic Direction:</u> Structure Plans / Urban Design Frameworks</p> <p>(Identification of consistent character areas in close proximity to a major activity centre).</p>	<p><u>Zoning:</u> Currently Residential 1 zone*</p> <p>*revise when State Government review of residential zones is completed to consider application of schedules that provides for lower density outcomes (eg lower site coverage / higher open space requirements).</p> <p><u>Built Form Controls:</u> Existing Neighbourhood Character Study Future Work : - Revised Neighbourhood Character Statements - Possible future 'Neighbourhood Character Overlay' to selected areas</p>
<p>Minimal change areas Established residential areas where new development will be minimised in order to retain recognised heritage values.</p>	<p>Residential Zones covered by the Heritage Overlay</p>	<p><u>Strategic Directions:</u> Port Phillip Heritage Review (2006) and Heritage Guidelines (various).</p>	<p><u>Zoning:</u> Currently Residential 1 zone*. (Revise when State Government review of residential zones is completed.)</p> <p><u>Built Form Controls:</u> Heritage Overlay</p>
<p>Combined these areas are expected to accommodate some 19.3 % of total growth to 2031.</p>			

Glossary

Affordable housing

While the terms housing affordability and affordable housing have been used for a number of decades, since the late 1990s the term 'affordable housing' has begun to be used more by housing theorists and practitioners with reference to segments of the housing market and conceptualisation of the housing system. This has occurred as affordability problems have spread to include moderate income households, i.e. households in the 5th-7th income deciles. However, there is yet to emerge a consistent definition²⁶ and this has created confusion as to what this means. To exemplify the confusion, three example definitions are provided.

One definition is that affordable housing comprises various forms of housing affordable to both low and moderate income households. This includes social (public and community) housing and private housing, both for owner occupation and rental purposes that is affordable for these households with incomes within the 1st-7th income deciles as defined by the Australian Bureau of Statistics, 2001 Census, i.e. less than \$15,416 to \$70,732.²⁷

A variation of this definition is housing that is reasonably adequate in standard and location for lower and middle income households and enables such households to be able to meet other basic living costs on a sustainable basis. This includes social housing.²⁸

A third definition is that affordable housing '...is intended generally to meet the needs of households whose incomes are not sufficient to allow them to access appropriate housing in the market without assistance...as a way of distinguishing the supply of traditional forms of social housing...from a range of privately initiated housing options that may be more widely targeted.' Under this definition providers include not for profit organisations and private individuals and companies.²⁹

Consensus is forming around use of the term 'affordable housing' as an umbrella term for low to moderate income housing covering social and private housing.

There is considerable contention associated with how these terms are used and what they mean. In part this is due to confusion between the difference between 'housing affordability' and 'affordable housing'. Housing affordability refers to the relationship between household income and housing costs while affordable housing refers to housing that is affordable against various benchmarks used to measure affordability, e.g. costs as a proportion of income or as a proportion of market rent. Added to this distinction, there is considerable conceptual and methodological issues associated with the objectives of various indicators for affordability. This includes:

- Debate as to whether to use consumption side measures such as the home purchase deposit gap or supply side measures such as the number of affordable dwellings available to certain income groups.
- Debate regarding the appropriate benchmarks for affordability, e.g. the cost of housing consuming 25 or 30% of household income.
- The specific housing affordability in question: affordability of accessing the private rental housing market, affordability of purchasing a home and affordability of maintaining existing home ownership. Each type has differing policy implications. Affordability measures or indicators also rely on data that is often constrained in terms of reliability, validity, complexity, regularity, timeliness (e.g. reliance on out-of-date census data) and coverage. Affordability also varies according to levels of prosperity, market processes and public policy and indicators and measures of affordability are used by different

²⁶ Milligan, V., Phibbs, P., Fagan, K., and Gurrán, N., *A Practical Framework for Expanding Affordable Housing Services in Australia: Learning from Experience*, Australian Housing & Urban Research Institute (2004)

²⁷ Burke, M., et al, *Op. Cit.*

²⁸ Disney, J., *Affordable Housing in Australia: Some Key Problems and Priorities for Action*, paper presented at AHURI Conference: New Perspectives on Federal-State Relations in Housing Policy (19 April 2007, Melbourne)

²⁹ Milligan, V., et al, *Op. Cit.*

players for different purposes, each often coming to a different conclusion using the same indicators. For all these reasons affordability is a complex and difficult issue to measure.³⁰

It is not the role of this Strategy to resolve these issues but to be clear on definitions given the lack of consensus on how they should be used.

Community housing (see social housing)

Decile

A statistical term whereby a population is ranked from the lowest to highest and divided into 10 equal groups. In this Strategy the term decile is used for the ranking of households according to income, with those on the lowest decile ranked 1 and those on the highest decile ranked 10. Household incomes for each decile are calculated using Australian Bureau of Statistics 2001 census data and updated to 2005 values between census years using the ABS Consumer Price Index.³¹ These deciles are:

1. Less than \$15,416
2. \$15,417 - \$21,674
3. \$21,675 - \$28,481
4. \$28,482 - \$37,480
5. \$37,481 - \$47,220
6. \$47,221 - \$57,881
7. \$57,882 - \$70,732
8. \$70,733 - \$89,863
9. \$89,864 - \$114,147
10. Over \$114,147

Harm minimisation

This is a set of policy beliefs essentially stating that some people always have and always will perform activities such as promiscuous sex or drug use that may cause harm. Therefore, there is a moral imperative to reduce the harm caused by risky activities to individuals and the broader community, rather than an ineffective blanket prohibition of the performance of harmful activities.

Homelessness

The definition of homelessness used in this Strategy is that used by the Australian Bureau of Statistics to enumerate the homeless population.³² This categorises people experiencing homelessness into three categories or segments:

1. Primary homelessness: people living on the streets, in deserted buildings, railway carriages, under bridges, in parks and similar situations.
2. Secondary homelessness: people moving between various forms of temporary shelter including friends, emergency accommodation, refuges, hostels and boarding houses (i.e. rooming houses).
3. Tertiary homelessness: people living in single rooms in private rooming houses without their own bathroom or kitchen and without security of tenure. They are homeless because their accommodation does not have the characteristics identified in the minimum community standard.

³⁰ Burke, T., Op. Cit.

³¹ Burke, T. et al., Op. Cit.

³² Chamberlain, C., et al., Op. Cit.

It needs to be recognised that not all people under segment 3 homelessness consider themselves to be homeless as they chose to live in this form of accommodation and some consider this housing as their home. However, they can still experience insecurity of housing tenure.

Key Workers (see Low income wage earners)

Gentrification

Gentrification, as the name implies, was originally a class based process. It described the displacement of lower classes by an upper class so the area was then said to have been gentrified. Ruth Glass coined the term gentrification in 1964 to describe the process of the upper class (gentry) taking over what had been devalourised row houses in the inner city occupied by the lower classes. The lower classes were physically displaced by this process. In the UK gentrified areas would become off limits to others. Even if this were not the case the housing was restored to some previous glory and was priced accordingly ensuring it stayed unaffordable to any but the upper class.

As class is not a relevant terminology in most modern societies the concept has been replaced by socio-economic status, a key indicator of which is income. Thus, in its simplest form, it describes the displacement of low income groups by higher income groups. Of particular interest is that there are a number of processes by which this displacement occurs and it is this that has raised some debate over its definition - or more particularly its key identifiers. The two positions argued below demonstrate this point.

Kennedy and Leonard argue that three criteria must all be met for gentrification to have occurred, these being displacement of original residents to the point that there results a change in the character and flavour of the neighbourhood, revitalisation and reinvestment. The latter two may lead to gentrification or in some way lubricate the process, but of themselves do not constitute it. The clear message here is that without displacement 'to the point that there results a change in character and flavour of the neighbourhood' gentrification has not occurred.³³

On the other hand Wyly and Hammel acknowledge class transformation as part of the gentrification process but do not see displacement as a necessary part of that transformation.³⁴ In order to reach this conclusion, unlike Kennedy and Leonard they extend the definition of gentrification to include the dilution effect of "new construction or grey-field redevelopment."³⁵ Included in this are other forms of new accommodation such as loft and warehouse transformations, and the introduction of mixed incomes into previously low-income housing developments. These approaches to gentrification, they suggest, avoid the conflict that results from direct displacement.

While acknowledging Wyly and Hammel's argument it is generally recognised that a significant influx of high income earners into an area eventually displaces low income earners through a flow on effect. As ever more high income earners move into an area that has become desirable this results in direct displacement. The previously cheap rentals are taken over and renovated or rebuilt to modern specifications pricing out low income earners. Eventually land values increase resulting in rate and rent rises and falling affordability then displaces existing low income residents and deters others from moving into the area.

³³ Kennedy, M. and Leonard, P., *Dealing with Neighbourhood Change: A Primer on Gentrification and Policy Choices*, the Brookings Institution Centre on Urban and Metropolitan Policy, Washington, USA (Apr 2001)

³⁴ Wyly, E. and Hammel, D., *Islands of Decay in Seas of Renewal: Housing Policy and the Resurgence of Gentrification*, Housing Policy Debate, Vol. 10, Issue 4, Fannie May Foundation, USA (1999)

³⁵ Kenenedy, M. et al, Op. Cit.

A second stage gentrification can occur referred to as super-gentrification. This happens when the original gentrifiers who were most likely middle income earners are displaced by even higher income earners.³⁶

Inclusionary Zoning

This is where all designated residential, commercial, industrial and other development within a district or region would be required to incorporate a given proportion of affordable housing, or pay the cash equivalent to a designated affordable housing provider in the area.

Low income wage earners

Also known as 'Key workers', these are workers in skilled or semi-skilled occupations such as computer operators, workers in retail and hospitality industries, tradespersons, workers providing community and personal care, cleaners, and other labourers.

Social housing

Social housing comprises forms of rental housing that are financed, owned and managed in ways that ensure this housing meets social objectives and social obligations. It includes public housing, community housing, indigenous housing, aged housing (independent living units) and disability housing.³⁷

Some sources are preferring to substitute the term 'social housing' with 'government and not-for-profit housing' due to confusion about the meaning of 'social housing' and stigmatisation associated with that term.³⁸

Public housing comprises a form of social housing where the dwellings are financed, owned and managed by the State housing authority.

Community housing comprises various forms of rental housing which are owned and/or managed by community organisations such as housing associations, co-operatives, housing trusts, local government or a not-for-profit company.³⁹ There are two types of community housing:

1. Housing that is managed by community organisations but financed, developed and owned by State housing authorities.
2. Housing that is financed, developed and owned by community organisations either on their own or under joint ventures with State housing authorities where the costs are shared.

Local government involved in community housing provision has tended to fall under the latter definition.

Public housing (see social housing)

LGCHP denotes former Local Government & Community Housing Program from the Commonwealth Government.

CHP denotes the former Community Housing Program from the Commonwealth Government.

Rooming houses

Rooming house (apartment and boarding houses) denotes singles accommodation traditionally comprising rooms with shared communal facilities housing people who are very low income and often socially disadvantaged and marginalised. This included people with a range of mental and physical disabilities but who are capable of independent living. Since the 1980s,

³⁶ Aspin, R., PhD thesis in progress, *A Local Government Model for Achieving Affordable Housing in the Inner City*, PhD thesis in progress, Swinburne Institute for Social Research

³⁷ Burke, T., et al, Op. Cit.

³⁸ Disney, J., Op. Cit.

³⁹ Burke, T., et al., Op. Cit.

community rooming houses operating under the social housing system have increasingly included self-contained units comprising bed sitters and/or 1 bedroom units targeted at the same type of people.

Other terms sometimes used are apartment houses and boarding houses. Boarding houses provide meals in communal dining areas and apartment houses do not provide this service.

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