Housing Affordability in a Rapidly Growing Metropolis: Melbourne

Steve Dunn, Director Structure Planning
National Housing Conference 2015
Overview:

• Melbourne’s population and housing challenge
• Role of MPA and housing supply
• Where will housing growth occur
• Growing affordable housing
Melbourne is the 6th most expensive city in the world to buy a house.

Source: MPA analysis of the 20th Annual Demographia International Housing Affordability Survey, 2014
Melbourne’s population expected to increase from 4.4 million to 7.7 million by 2051
An extra 1.5 million homes by 2051
Seven million extra road, public transport, cycling and pedestrian trips daily by 2040
Central City has had a "boom" of tall building permits. Issues are quality, the public domain and consultation.

Middle ring has great potential, particularly in the clusters, major activity centres and long term urban renewal of old industrial areas close to the City.

The greenfields are proceeding steadily. The success of the program is clear and it has good Council support.

Our regional cities have the potential to take a greater role in growth and we are working with a number, at their request, to finalise longer term planning.
Additional dwellings in Melbourne (2015-2051)

- Houses: 440,000
- Townhouses, units and apartments up to 3 storey: 495,000
- Apartments with four or more storeys: 460,000
Houses

• Additional 440,000 houses needed 2015-2051
• ~12,000 p.a.
• 100-150 active projects
• Mostly greenfield (~400,000) and general infill

• Challenge ahead: Need to maintain strong pipeline of existing supply and affordability within already designated areas
2 to 3 storey units, town houses

- Additional 495,000 dwellings needed 2015-2051
- ~14,000 pa
- ~900 projects pa (@15 per project)
- Mostly MPA Precincts & general infill

- Challenge ahead:
  Far greater supply needed to achieve affordability and good diversity in middle ring
Mid and high rise (4 storeys and above)

- Additional 460,000 dwellings needed from 2015-2051
- ~13,000 pa
- ~130 projects pa
- Mostly in MPA Precincts

Challenge ahead: Combining affordability with delivering good quality and diversity in designated strategic development precincts
Clear move towards medium and higher density infill in different LGAs and subregions.
Evolution of the Unit and Apartment Market

Going forward: 25,000 – 30,000 pa. (most of this is in metro Melbourne)

Future requirement (avg p.a to 2050)
MELBOURNE'S GROWTH CORRIDORS
MIDDLE RING SUBURBS

Major Activity Centres
National Employment Clusters
Fisherman’s Bend Urban Renewal
East Werribee Employment Precinct

- Precinct Structure Plan
  - 58,000 jobs
  - 7,000 dwellings

- $70m of State Government funded transport projects underway

- MPA coordinating land realisation on behalf of Victorian Government

- Strong market interest in major development parcel (400ha)
Australian Cities -
Median Lot Price for Vacant Serviced Lots in Greenfield Areas
2st Quarter 2015
Source: MPA analysis of CKC Research 4 National Land Survey Program

- Canberra: $285,000
- Sydney / Woollongong / Newcastle: $282,000
- Brisbane / Sunshine Coast / Gold Coast: $254,750
- Perth: $250,000
- National Median: $241,621
- Melbourne: $212,000
- Adelaide: $156,500
Unlike Sydney, increased supply has dampened prices in Melbourne.
Growing Affordable Housing in Vic:
Growing Affordable Housing in Vic:

Policy and implementation commitment
Growing Affordable Housing in Vic:

Policy and implementation commitment

Building on strength of Community Housing sector
Growing Affordable Housing in Vic:

Policy and implementation commitment
Building on strength of Community Housing sector
Using value capture
Growing Affordable Housing in Vic:

Policy and implementation commitment
Building on strength of Community Housing sector
Using value capture
Precinct based approach to affordable supply
Growing Affordable Housing in Vic:

Policy and implementation commitment
Building on strength of Community Housing sector
Using value capture
Precinct based approach to affordable supply
Finance and tax based incentives
Thanks for listening!