Opportunity from Growth

- Strong population growth is an opportunity for change
- Victoria: OS & IS Migration and ‘Natural Increase’
  - hides underlying numbers: 74,000 Births vs 36,000 Deaths
Who we need to house

- Shifting demographics, households and ageing
- Must plan for all types of ‘households’, and we change over time

**Household Types, Melbourne**

![Bar chart showing household types in Melbourne with data points for 2011 and 2051.](chart.png)

Source: VIF 2014
The links between Housing and Economic Development

• Size of the construction and development sector
• Location of housing relative to businesses and employment
• Affordable housing for workers – especially key workers
• Cost of housing affects disposable income...
• High quality housing/liveability attracts activity/innovators/investors
• Melbourne is the worlds most liveable city so the Economist tells us and presumably has the values that business people seek
Development Industry

- Victoria’s is largely private sector
  - Victoria’s largest employer...283,000 jobs
  - $25B per year (9% of GSP) + massive multiplier effects
  - High contributor of tax revenue

- To maximise benefit to the community from the housing sector, planning directions should be long term and provide certainty for the development industry to invest
The links between Housing and Economic Development

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• Cost of housing affects disposable income...
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Where growth is occurring across Melbourne
- Annual Increases of around 20,000 per Region
- Big shift in Central Region
Clear move for medium to higher density infill in different LGAs and subregions.
In depth planning, infrastructure coordination and innovation has improved supply, affordability and quality of Melbourne’s new areas.

Unlike Sydney, increased supply has significantly dampened prices in Melbourne.

In depth planning, infrastructure coordination and innovation has improved supply, affordability and quality of Melbourne’s new areas.
Where Melbourne’s increased housing stock will be moving forward

- Central City “boom” of tall building permits. Issues are quality, public domain and consultation
- Middle ring has great potential, particularly in Clusters, major activity centres and long term urban renewal of old industrial areas close to the City
- Greenfields proceeding steadily. Success of program is clear and has good Council support
- Regional cities have potential to take greater role in growth
How an inefficient housing system can detrimentally effect productivity growth

• An inefficient housing system adds costs to building and affordability by:
  – Expensive processes
  – Delays adding cost and reducing supply and not meeting demand.
• High costs of housing/living reduces the capacity to spend in other sectors
• Growing distances between housing and employment imposes high costs through:
  – Congestion
  – Costs of infrastructure & operations
  – Lost productive time (as well as the social costs)
  – Two tier city, with direct economic costs
• Pressures for non-market interventions, creating new “winners” and “losers”
• Social/welfare burden of homelessness
The PCA

That the State Government:

• abandons plans for introducing inclusionary zoning;
• discourages preferential treatment for ‘affordable housing’ within the planning system and instead invests resources into improving overall speed to market
• provides certainty to investors with respect to planning approvals for housing developments; and
• encourages innovative housing developments through the State land development agency or through joint ventures (e.g. ‘The Nicholson’).
Implications for Policy development

• Planning to better collocate business and housing:
  – Inner city affordable housing
  – Better range of businesses and jobs through suburbs (polycentric city)
  – Addressing population growth and aging
• Planning certainty for supply reduces costs, improves quality and evens out peaks and troughs in demand with the resulting surges in prices
• Inclusionary zoning...etc
• Some funding/implementation decisions:
  – What are the roles of private vs public vs community sectors?
  – Should new home buyers support affordable/social housing?
  – Are there realistic and palatable incentives for private/community sectors to step up?
• But not starting from scratch – how do we do better with what we have??
Public Housing: Approx. 36,800 dwellings (ABS 2011)
- 2.6 % of Melbourne’s Total Housing Stock
Rental Stock across Melbourne
Units and Apartments Under $350,000
THANKS
Ageing Population – Big housing implications - but not just in places people usually expect

### Population 65 and Over in 2011 & 2031

Source: Victoria in Future

<table>
<thead>
<tr>
<th>Area</th>
<th>2011</th>
<th>2031</th>
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<tr>
<td>Bangala</td>
<td>19,194</td>
<td>30,437</td>
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<tr>
<td>Bayside</td>
<td>16,932</td>
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<td>Boroondara</td>
<td>24,408</td>
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<td>Brimbank</td>
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<td>Casey</td>
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<td>Darebin</td>
<td>22,515</td>
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<td>Yarra Ranges</td>
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**Graph Note:**
- The graph illustrates the projected population of residents aged 65 and over for the years 2011 and 2031.
- The data is sourced from Victoria in Future.

**Legend:**
- **2011**
- **2031**
Outer Areas play key role in housing affordability

– Need to deliver same role for units in infill precincts

In 2014, the median house price across Metro Melbourne was $550,000

Of the 51,500 houses sold, 23,000 (45%) were sold for less than $500,000

Mostly found in West and North areas and Outer South East Areas.
Rental Stock across Melbourne

• In 2011 census, 389,644 dwellings being rented across Greater Melbourne
  – 27.2% of all occupied dwellings

• This comprised:
  – 184,000 separate houses 47%
  – 67,500 1 & 2 storey town houses 17%
  – 50,600 1 - 3 storey apartments 13%
  – 35,600 4+ storey apartments 9%
Median Rent of Apartments and Flats

Median Weekly Rent for Apartments and Flats in Melbourne - March 2015

1 bed 2 bed

- Melbourne $360 $315
- Yarra $344 $285
- Port Phillip $335 $284
- Stonnington $315 $275
- Bayside $275 $275
- Boroondara $315 $275
- Glen Eira $350 $315
- Manningham $390 $390
- Moonee Valley $370 $370
- Whitehorse $390 $390
- Moreland $350 $350
- Darebin $370 $370
- Banyule $340 $340
- Maribyrnong $340 $340
- Melton $340 $340
- Knox $305 $305
- Maroondah $350 $305
- Yarra Ranges $280 $280
- Hobsons Bay $360 $360
- Hume $370 $370
- Whittlesea $330 $330
- Casey $290 $290
- Brimbank $290 $290
- Frankston $280 $280
- Greater Dandenong $290 $290
- Mornington Peninsula $280 $280
- Cardinia $270 $270
- Wyndham $260 $260