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19 November 2019

Ms Anna Cronin
Commissioner for Better Regulation and Red Tape Commissioner
Level 37
2 Lonsdale Street
Melbourne, Victoria, 3000

Dear Commissioner and Advisory Board

Committee for Melbourne's response to the Planning and Building Approvals Process Review Discussion Paper 2019

Background

Committee for Melbourne (the Committee), is pleased to be able to provide this response to the Red Tape Commissioner's ***Planning and Building Approvals Process Review Discussion Paper* 2019 (Discussion Paper).**

The Committee is an apolitical, not-for-profit organisation that relies on its 150 members comprising Greater Melbourne's business, academic, arts and community sectors to build a knowledge base for informing policy and making a change. The Committee has a passion for Greater Melbourne as a leading global city in the world's fastest-growing region.

The Committee made a submission to the review in the initial feedback round. The Committee's submission provided recommendations to the review under the lens of the Committee's Melbourne 4.0 strategy, which includes work on transport, skills and more specifically on the need for increased supply of housing, and in particular affordable housing, in Greater Melbourne.

The Discussion Paper highlights that $400 - $600 million annually could be saved by reductions in delays to the planning and building process. The Committee hopes that savings achieved through streamlining planning and building processes could potentially be used to help facilitate the further provision of affordable housing. Two opportunities were highlighted in our initial submission that may allow for the further provision of affordable housing:

- Fast-tracking planning approvals for affordable housing;
- Metropolitan governance, namely:
    - Further support for under-resourced municipalities and;
    - Supporting collaboration and consistency of processes across councils

Although outside the review's terms of reference, the Committee also recommended that third-party appeal rights should be considered in the longer-term. The third-party appeal process in Victoria is inconsistent with other Australian jurisdictions and contributes to development delays and increased costs.

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We congratulate the Victorian Government for its initiative in reviewing the planning and building approval process and welcome the opportunity to continue to provide feedback on the review.

This submission follows the order of the sections of the Discussion Paper. The Committee provides more detailed comment on Parts A & B as this is most relevant to delivering affordable housing, which is one of the Committee's key strategic priorities.

Comment on discussion paper sections

Part A: The Strategic Planning Process

A1. Simplify planning schemes

The Committee welcomes the suggested changes to simplify planning schemes across Victoria, and particularly in Greater Melbourne.

In the Committee's initial submission to the review, the Committee recommended a focus on opportunities for collaboration across municipalities that can reduce externalities and streamline processes across Councils, which could reduce the cost of developments and perhaps allow for the further provision of affordable housing.

Proposed improvements (2) – (4) of the Discussion Paper, should allow for a more straight-forward process where expectations are understood by parties upfront, thus reducing costs on both sides.

Whilst the Discussion Paper notes that streamlining these processes might have additional costs associated to make and implement them, the social benefits that might accompany those such as increased housing stock should also be considered. In addition, failure to change the system now will most likely amplify the issue when Greater Melbourne grows to 9 million by 2056.

A2. Streamline planning scheme amendments & A3. Streamline the PSP process

Whilst we will not comment specifically on proposed improvements in these sections, the Committee welcomes changes which will further reduce delays and potentially increase housing stock.

A4. Escalate planning for sites of strategic importance

Greater Melbourne's housing market does not operate as a single market. The housing and rental price differences across the regions of Melbourne tend to follow a radial pattern, where inner suburbs are the most expensive and prices decrease the further away the dwelling is from the CBD. This means that affordable housing tends to be more an issue around economic activity centres, such as the CBD and National Employment and Innovation Clusters (NEICs).

In the Committee's original submission to the review, the Committee highlighted that high cost of living – of which housing costs are a major determinant – can have a detrimental effect on the community. Affordable housing is a specific type of accommodation that certain people in the community, who may not have access to high wages or wage growth, rely upon. For example, emergency and public services workers may be unable to live near their place of work, if the housing is too expensive in those areas. This can have a

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detrimental impact on those worker's lives (through impacts such as long commutes and less time spent with family).

Therefore, creating a coordinated high-level approach to affordable housing provision in these regions, which often operate across municipal boundaries, could potentially resolve issues of externalities within these regions and deliver more affordable housing to key areas in Greater Melbourne.

In the Committee's original submission, the Committee highlighted that there is a range of mechanisms that might be employed to facilitate affordable housing (e.g. financial incentives like tax benefits). Planning mechanisms can include:

- Mandating the development of affordable housing. This can be achieved through methods such as inclusionary zoning and overlays.
- Incentivisation of delivery of affordable housing. This can be achieved through methods such as fast-tracked 'as-of-right' codified planning approval processes for affordable housing.

These planning mechanisms could well be employed in a specific area by an overarching or coordinating body.

Any coordination structure must ensure that close collaboration with stakeholders such as local governments is undertaken.

Part B: The Permit Approval Process

The Committee broadly accepts the proposed improvements suggested in sections B1 – B10. Further comment on specifics is offered below.

B1. Provide more help with applications, including better information on websites about information requirements and greater use of preapplication meetings & B2. Ensure lodged applications are complete by going straight back to the applicant about missing information before starting the assessment process

The Committee supports efforts to reduce planning delays and agrees that efforts to streamline the pipeline of a planning application (such as requests for additional information by councils) is welcome.

It is essential to ensure that all the relevant information is available to a responsible authority to make an informed decision and that there is, particularly in more complex planning cases, alignment between the applicant and responsible authority. Responsible authorities offering preplanning meetings to manage expectations and reduce ambiguity on information required for the applicant is a welcome change and promotes trust between both parties

This proposal has may also have an additional positive effect on the delivery of affordable housing. First, costs may be reduced by eliminating unnecessary back-and-forth which might allow the delivery of below market housing. Second, the trust built during these meetings may lead to better outcomes in Section 173 negotiations for affordable housing.

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B3. Set a target for all councils to adopt an online system for accepting and processing permits, which enables applicants and objectors to track progress

Implementation of modern application process, i.e. online, should be prioritised by local governments with support offered from the State Government. For example, online applications are simpler and provide more certainty to an applicant around the progression of their application. This may further reduce costs for developers and enable forward planning.

B4. Ensure council planning staff are properly resourced and have the right skills in the workforce to manage demand

The Committee noted in its initial submission that resources were an issue within councils therefore supports this proposed improvement. However, more emphasis should be placed on local government staff having access to additional training and, perhaps more importantly, around complex planning decisions and property development.

B6. Stream applications according to risk

In its initial submission to the review the Committee recommended that there should be fast tracking for affordable housing which could reduce delays and thus costs, allowing for developers to deliver more affordable housing in their developments. Proposed improvement (36) is supported as it will increase density and housing stock in the middle ring suburbs which should have a positive impact on housing affordability and, perhaps also on the provision of affordable housing.

However, the Committee would welcome further expansion on proposed improvements to the VicSmart Planning program to further fast-track and streamline planning applications for social and affordable housing. Recommendation (35) suggests there should be 'planning concessions for child care centres, aged care facilities and social housing located in residential areas', without specifying exactly how this would operate in practice. Further consideration should be given to:

- Explaining how the planning concessions would operate in recommendation (35) and;
- Expanding on how a VicSmart Plus process could incorporate larger developments for fast-tracking that incorporate certain thresholds of social or affordable housing.

The issue of affordable and social housing in Greater Melbourne isn't merely an issue of just delivering stock but also delivering an appropriate mix of housing stock at the volumes required. Currently in Greater Melbourne there is a dire need for volume of both social and affordable housing stock, both to overcome the existing deficiencies and to keep up with the need created by a growing population.

The Committee recommends the consideration of including a VicSmart Plus fast-tracking scheme for larger developments that include affordable housing, and not only second dwellings, to exponentially increase volume.

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B7. Reduce the use of requests for further information (RFIs) and set expectations for prompt responses & B8. Reduce response times from referral authorities and seek expert input from the council (internal referrals) at an earlier stage

In its original submission, the Committee noted *"The process of RFI can extend the planning process significantly which is not reflected in statistics"* and *"delays may occur through when an application is sent from the responsible authority to the referral authority."*

As such, the Committee supports the Discussion Paper's consideration of both these points. Removal of the 'reset' clause proposed improvements (38) and better reporting by responsible authorities (43) are strongly endorsed. In addition, creating fast-track approach to affordable housing, such as suggested in (B6), should be reflected throughout this process. Namely, the pausing or stopping of the statutory clock should be reduced and fast-tracking should flow through each stage of the planning process.

The Committee considers that there are many opportunities to reduce delays in in relation to RFIs and encourages further work with stakeholders to create best outcomes.

B9. Make decisions within a reasonable time

The Committee supports the proposal in the Discussion Paper towards improving planning processes and reducing planning delays overall. The committee agrees that lack of data granularity on each stages' timeframe makes it difficult to pinpoint the exact bottleneck and that therefore proposed improvement (49) should be implemented as a matter of urgency.

B10. Promote best practice delegation of decisions

The Committee considers that proposed amendments to provide clear guidelines on the balance of responsibilities between councillors and council staff will benefit the planning approvals process. The Committee also supports consideration of induction training for councillors to help them better understand the position requirements.

The review could further consider how delegation can be used to remove politics from decisions which may be a significant source of delay.

Part C: The Post-permit Approval Process & Part D: The Building Approvals

The Committee does not offer specific comment on these sections of the Discussion Paper. However, the Committee supports any recommendations that further reduce complexity and delays in permit and building process overall.

Conclusion

The Committee commends the Victorian State Government and Red Tape Commissioner for the review of this important process. Overall, the Discussion Paper is an extensive evaluation of the current process and offers comprehensive insights into how the planning and building process can be improved in Victoria.

It is recommended that additional items might be considered in the final report.

In its initial submission, the Committee highlighted that there is a growing problem of unmet affordable housing needs. For example, 215,000 households that require affordable housing

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in Australia do not have access to that housing[1] and almost 300,000 households by 2036 will require affordable housing if intervention does not occur.[2] The Committee recognises the review is designed to speed up the planning approval process by removing unnecessary delays. However, the review also has a unique opportunity to consider reforms in planning, such as fast-tracking systems, which could deliver increased affordable housing.

Therefore, where additional planning and building mechanisms can be used to deliver more affordable housing, these might be considered in the final report. For example, mechanisms that may improve the commercial returns on an affordable housing development (e.g. incentives and support), might encourage developers to deliver more affordable and social housing. We outlined above in (B6) how the VicSmart Plus process could fast-track affordable housing developments and how such processes might also operate more broadly and that this might be applied in certain specific areas of strategic importance (A4). The Committee recommends that affordable and social housing are considered in the context of every recommendation in the Discussion Paper, to ensure that an appropriate housing mix will be delivered in Greater Melbourne.

Committee for Melbourne will continue to work with its membership, key stakeholders and all tiers of government, to ensure Greater Melbourne remains prosperous and liveable into the future. We look forward to working with you on this issue and other matters of vital importance to Greater Melbourne.

Yours sincerely,

Martine Letts| Chief Executive Officer

[1] https://cityfutures.be.unsw.edu.au/research/projects/filling-the-gap/
[2] https://cityfutures.be.unsw.edu.au/research/projects/filling-the-gap/