

MELBOURNE BEYOND 5 MILLION

GETTING BETTER
AS WE GET BIGGER

VOLUME TWO

DENSITY AND LOCALISED
ECONOMIES

AUGUST 2010



This is the second in a series of four volumes that define the outcome of the Committee for Melbourne's 2010 Shaping Melbourne Taskforce.

Shaping Melbourne follows previous Committee for Melbourne taskforces on associated topics including Melbourne's Transport, Higher Education and Climate Change challenges. More than 160 members of the Committee have been involved over a 12 month period in the Shaping Melbourne Taskforce's deliberations.





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SECTION

INTRODUCTION

INTRODUCTION

In 2010, Melbourne is a thriving, cosmopolitan city that will only continue to grow. Our ongoing challenge, therefore, is to ensure that we get better as we get bigger.

In Volume One of this series, we explored the importance of appropriate governance and effective decision making in making our city the very best it can be in future. We also broadly articulated a long-term proposition or vision for how we feel Melbourne could best benefit from addressing issues of physical shape, population, development, growth and regional relations.

Here, in Volume Two, we take a closer look at the pressing issue of density and discuss the value of both creating new localised economies and reinforcing those that already exist.

These key issues have nuances that are critical to our city's future prosperity and liveability, and it is fair to say that neither is without its fair share of controversy or opposition. This is precisely why they must be raised and debated now. If we are to truly get better as we get bigger, then we must plan accordingly. Our planning must be considered and, importantly, it must not be limited to a minimum expectation of growth.

We must think beyond a city of five million. In more ways than one, our future depends on it.

Density has long been viewed negatively. For many, it conjures images of unattractive high-rise towers and cramped, unappealing living. But this simply shouldn't be the case. In many instances, the increased densities contemplated are often mild by local and international standards.

Clearly, density offers a number of challenges that must be carefully considered and decisively met. Complicating its already negative perception are issues surrounding construction affordability, the maintenance and enhancement of community character, and the need to create family-friendly open space designs. But, with vision and forethought, these are in no way insurmountable.

The importance of a vibrant local economy and engaging, dynamic community must not be underestimated. Indeed, increasing our density offers us many opportunities to enhance Melbourne's liveability and economic prosperity, both locally and citywide.

In Volume One, we noted that it is preferable to embrace our city's growth and plan accordingly, rather than just ignore it and pretend that it is not happening. The same applies to density. The long-term benefits of planning for it, far outweigh the potential negatives of simply letting it evolve organically and unconstrained.

Let's plan for density and discuss it, together. Let's weigh up the options and look at ways that increasing density can ultimately enhance our city's liveability by providing extra facilities and economies of scale around communities.

We agree that Melbourne must get better as it gets bigger. So, let's plan for it.





SECTION

2

POPULATION PRESSURES

GROWTH,
CHANGE AND
CHALLENGES AHEAD



POPULATION PROJECTIONS

A GLOBAL PERSPECTIVE

Over the next 60 years the global population is expected to peak at nine billion, up from some 6.5 billion today. As the world moves toward what many describe as 'peak humanity', our planet's water, energy, commodities, food and resources will naturally be under greater pressure

Although our water resources are stretched and we will need to continue effective management of arable land, here in Melbourne and Australia we are well positioned to service many of these global needs over coming decades. In keeping with our reputation as 'the lucky country', we are also blessed with a wealth of exportable resources and a multi-cultural, comparatively affluent society.

However, to adequately and appropriately benefit from the opportunities for skilled migration and to meet our nation's humanitarian obligations in future, we will need to show an ongoing willingness to play our part in accommodating global population growth.

MELBOURNE IS GETTING BIGGER AND BETTER

Whether we like it or not, Melbourne has been growing over the last 50 years, and in the coming years and decades it will continue this growth.

In Volume One of this Shaping Melbourne series, the Committee for Melbourne put forward the view that Melbourne can get better as we get bigger – if we are well planned. Indeed, the Committee for Melbourne believes that the greatest threat to the future prosperity and liveability of Melbourne is if those who argue for a cap on the size of Melbourne win the public contest of ideas.

Growth will occur and therefore we need to plan for growth. While we can fine-tune the rate of growth, we cannot eliminate it altogether – nor should we. However, if we pretend that growth will not happen then we will not plan for it – which would certainly create congestion and pollution, not prosperity.

In its Australian Social Trends, June 2010 report, the Australian Bureau of Statistics (ABS) has projected that our city will grow from 3.9 million people in 2008, to between 6.5 and 7.5 million by 2051.

Furthermore, if we accept that, in accordance with the Victorian Government planning policy document *Melbourne @ 5 million*, our current population of four million will grow to five million in the next 15 years (or earlier), then we should also contemplate the likelihood that we will grow well beyond this - to possibly eight million well before the end of the century.

While this number frightens some, it is no more than a continuity of the growth we have seen over the last 50 years continuing over the next 50.

For some, the thought of Melbourne's population experiencing such (rapid) growth and exceeding five million in the foreseeable future is difficult to comprehend and/or accept. They feel that it flies in the face of our self-perception of being a highly liveable, well planned city, and fear that major population growth could lead to congestion, urban sprawl and social and affordability issues.

Given that history has demonstrated large cities rarely succeed in controlling their size, these concerns are certainly understandable. However, while many have failed, a handful of competent and determined cities around the world have also shown us that effective and proactive strategic planning can successfully manage and control the consequences of growth. If Melbourne is to get better as it gets bigger, we must do the same. Indeed, there's nothing to say that we can't be an even more liveable and successful city if we start adequately planning for tomorrow, today.

BIGGER WILL BE BETTER, IF WE PLAN FOR IT

With more than five million people, Melbourne may well be a different city to the one we know and love today. But that doesn't mean that we can't plan for it to be an even more liveable, equitable and sustainable city tomorrow.

We have a long, proud history of planning well for future growth and population challenges in Melbourne. It is precisely this foresight and aptitude that has seen us enjoy decades of comparatively comfortable expansion and development.

When the Melbourne and Metropolitan Board of Works (MMBW) was planning for the city's future in the late 1960s, our population was just over two million. Based on fertility and immigration rates at the time, the MMBW forecast that Melbourne would reach five million by the year 2000. The fact that Melbourne's population only reached 3.5 million by that date is immaterial. What does matter is that the MMBW's planning cleverly extended well beyond the immediate horizon for the city at the time. It was bold and it prepared us for the future.

Today, however, we appear to have lost some of this appetite for appropriate foresight. While *Melbourne @ 5 million* plans for a 25% growth in our population and addresses dwelling numbers, urban densities and target areas for growth, its relatively modest growth and timeframe reflect incremental thinking.

When planning for the future, it is more important to have a vision for the form and function of Melbourne with a much larger population, than to determine exactly when the projected population will be reached.

A projection of our city beyond five million, and potentially up to eight million, requires a clear step-change in thinking. The challenge for us all, is to contemplate a significantly larger city that not only retains, but also enhances Melbourne's much-loved liveability. By doing this we can help make Melbourne better when it is bigger, and, ultimately, create a city with enviable economic, social and environmental resilience in the future.

RATES OF GROWTH

WE'RE GROWING

Melbourne is currently enjoying a steady and sustained period of growth that, according to many, will continue for years to come.

The ABS, for example, projects that by 2050 Melbourne will be growing on average by 800,000 people per decade. This level of growth is broadly consistent with Federal Treasury estimates for Australia's population growth (as outlined in the 2010 Intergenerational Report), and echoed by the Victorian Government's projections: Victoria in Future (VIF) Department of Planning and Community Development 2008.

Interestingly, these projections also forecast that Melbourne's current demographic trends, like relatively high migration levels and a recent upturn in fertility, will continue long into the future.

HOW MANY HOUSEHOLDS DO WE HAVE NOW, AND HOW MANY WILL WE NEED?

In recent decades, Melbourne's household numbers have increased faster than population growth. This is largely due to an ageing population with more single-person households, more younger single people wanting residential independence, increased household separation rates and less intergenerational households.

The challenge that comes from the declining average number of people living in each household is that more housing units are needed merely to sustain the current population. A growing population therefore needs even more housing units.

Outside the city, growth in rural Victoria has been slower on average. The Victorian Regional Blueprint (released in mid 2010 by the State Government) indicates that, throughout the 20th century, regional populations steadily fell behind metropolitan growth. While this trend is now reversed in some regional centres, it is still prevalent in others.

A possible doubling of our population from four to eight million raises a number of interesting and provocative questions. Would it involve more than a doubling of household numbers, and do we, therefore, need to double the physical footprint of the city? We currently have approximately 1.6 million households. If, say, another two million dwellings are required, then where should they be located and how much space will be needed?

The VIF projections place average persons per household (pph) in Melbourne at 2.41pph in 2036, reducing to 2.36pph by 2056. In light of these projections, it is somewhat concerning that *Melbourne @ 5 million* largely ignores the fact that reducing household sizes will exacerbate housing demand.

DEMOGRAPHIC CHANGES

THE CHANGING FACE OF MELBOURNE

Just like the rest of Australia, the average age of Melbourne's population is slowly rising, and in future, the amount of over 55's in our city's community will largely depend on both the consistency of our migration patterns and the level of our fertility rate.

In 2006, almost 40% of Melbourne's population aged over 25 was born overseas, and with an ageing population, the need for continued migration is widely recognised. Thus, migration will be a key factor underpinning our expansion during the first-half of the 21st century, along with an elevated birth rate and continued increases in interstate migration.

However, as other western economies face the same challenge of ageing population, it is quite possible that future decades will require Australia to compete for skilled migration rather than limiting it.

SOCIAL CONCENTRATION, GENTRIFICATION AND ALIENATION

The physical structure of a city can greatly influence the cultural, social and economic integration of minority groups. With this in mind, Melbourne needs to be vigilant in addressing any significant geographic polarisation of communities based on socio-economic or ethnic status in future.

The combination of our ageing population and ongoing migrant arrivals will present both opportunities and challenges. Retaining the character and culture of existing precincts, where appropriate, and allowing for changes in character in other areas, will be critical. While at first glance some reject the notion of changing the character of suburban areas, few would argue that the transformation of, say, Albert Park between 1960 and 2010 has not been beneficial. The establishment of new precincts reflecting local variations, migrant cultures and other demographic changes will also prove challenging.

First-generation migrants have traditionally clustered and settled in particular locations in order to create strong community links. This is likely to continue, and while such communities often result in vibrant localities that contribute strongly to the city's cultural life, they could be forced into areas with poor accessibility to urban services.

The children of migrants can also face the predicament of ongoing adaptation to Australia's changing culture, whilst at the same time trying to maintain a cultural link with their parents. Although such challenges are handled differently by each individual, policy makers need to be more aware of the double generation support required for a migration-based population like ours.

The CBD and inner city has been "gentrifying" gradually over the past several decades. New communities of students, young people and professionals are replacing migrant and lower socio-economic communities. While urban renewal and infill have provided a good standard of new housing stock in many inner areas, it is often tailored to a specific, affluent end of the market. If this continues, it is possible that a monoculture may emerge.

While we are fortunate to have large inner to middle suburbs where accessibility to services and facilities is exceptional, the economics of urban infill and the affordability of housing in these locations have become a challenge. And, even though the inner west still caters to lower income households and provides relatively good service access, this area is being slowly gentrified over time.

Community wellbeing in the outer suburbs is more fragile. Where population growth is likely to be significant and incomes are lower, the shortage of easily accessible employment, and the availability and cost of public and private transport, limit opportunity and choice. Left entirely to the free market, this is likely to result in a city where the affluent and privileged have vastly better access to services and facilities than other members of the community.

Melbourne could easily become inequitable if care is not taken to structure the city and its transport and infrastructure networks inclusively. If forced into less well-served areas due to a lack of affordable housing options, lower socio-economic communities and migrant groups are likely to feel excluded and marginalised. In the extreme, this marginalisation can sometimes contribute significantly to social dislocation.

Government needs to invest in better infrastructure and work to maintain a competitive environment for doing business in the outer areas of the city. Growth in high value jobs, distributed across Melbourne and Victoria, must be a high priority in achieving social equity and enhancing liveability.

Existing community development initiatives are diverse and are implemented by all three tiers of government, as well as the not-for-profit sector and corporate social responsibility programs. To date, an integrated approach that combines community wellbeing with the shaping of Melbourne has yet to inform key city planning policies.

The changing socio-economic and community characteristics of Melbourne, brought on by significant population growth, will need to be better understood and better integrated into the planning and development of the city. A clear analysis of community characteristics can inform policy to direct resources and infrastructure to places that need particular attention. Such community assistance and development must be integrated with the land use structure of the city.

City structure should facilitate economic and community development, as well as bringing people, places and networks together. Planning should facilitate creative and intellectual endeavours underpinned by the arts and science, through educational, cultural and business exchanges that generate community wellbeing and new business opportunities.

The history of our places should also be celebrated and the city's impressive wealth of heritage places and objects should be protected, maintained and enhanced. Furthermore, our heritage assets should be increasingly chosen with sensitivity, given active uses and, where appropriate, presented as a key part of the visitor experience for tourists - to explain our rich history, culture and values.

CAN WE HAVE HOUSING AFFORDABILITY AND CHOICE?

In order for our city to maintain its inclusive nature in the decades ahead, we must ensure that all cultures and groups have access to housing that better meets their personal needs. To do this, we will be required to consider providing housing options that are specifically tailored to meet these needs.

Based on current trends, the following needs can, and should, be anticipated:

- Retirees will need a range of smaller-scale housing options, dispersed within their current communities, as well as more formalised retirement facilities in proximity to community and health facilities;
- Students and singles will predominantly require one and two bedroom accommodation in close proximity to transport, education and entertainment choices;
- First home owners will require a range of higher density apartments and family homes, depending on their stage of life;
- Increased options for open space availability need to be included into medium density designs. Public and private open space needs to be supplemented by European-style communal or shared open space options;
- Further medium density designs need to be promulgated to ensure that increasing density can provide positive lifestyle options, thence reinforcing the view that increasing density is not by definition a negative;
- Migrants may desire accommodation in close proximity to ethnic support networks; and
- New developments should incorporate housing solutions that reflect and respond to the broad needs of the community, and include a variety of sizes, types, values and tenures.

These requirements are likely to be supplemented by a widening of market expectations, whereby all market segments may well demand several alternatives to the predominant low-density dwelling type. This potential change in the housing market should be factored into the calculations of future demand.

A 2009 ABS analysis indicates a steady decrease in the average number of persons per dwelling in Australia (2.5 in 2006) and a steady increase in the average number of bedrooms in Australian dwellings (3.1 in 2006). This suggests that our housing provision has become increasingly out-of-step with our needs. Meanwhile, affordability of housing across Melbourne has deteriorated significantly in recent decades when compared with average incomes. Not only are there fewer housing options at an accessible price point, those that remain are gradually being driven to poorly serviced and less accessible parts of the city. It is therefore important that we actively monitor, and respond to, housing affordability trends.

The concept of 'affordable living' extends not only to the costs of accommodation in various locations in Melbourne, but also to the ongoing cost of living - which is higher in some locations than others. The key elements necessary to achieving affordable living are finance, land, transport, jobs, services, amenity and housing. Although focussed on the physical improvements to our city, the Shaping Melbourne Taskforce recognises that meeting financial needs - be it access to housing finance, shared equity or assisted rental schemes - is a key factor.

If affordable living is to be facilitated, then we believe that the following criteria need to be considered in planning the physical nature of Melbourne:

- Land is needed at the right price, the right size and in the right location;
- Transport is essential to the location of housing and ideally should provide ready access to workplaces;
- Services need to be at hand. It is not acceptable to impose long and expensive travel distances to key services such as schools, child care, health care and essential retail;
- Amenity is key to Melbourne's liveability, so affordable living needs to offer great neighbourhoods around modest housing solutions. A trade-off between the scale and offering at home compared with the offering of the surrounding area;
- Affordable housing is important, too. In a society where only about one-third of households have two parents with children, we need housing that is sized to suit changing demographic needs. With new housing stock typically 40% larger now than 40 years ago, the size of new houses in Melbourne counters this demographic trend. In response to this, our market urgently needs additional well-designed, modestly-sized housing; and
- Affordable housing also means addressing operational costs, as distinct from capital outlay. This is typically overlooked in the affordability debate. Housing stock needs to be designed and built to minimise maintenance costs and to maximise environmental performance, thus minimising utility outgoings. It is a misunderstanding that 5-6 Star energy rated housing will add considerably to the cost of housing. If houses are properly oriented and detailed from the outset, they can be delivered for a similar overall cost to lesser-rated houses.

ARE WE EQUIPPED FOR CLIMATE CHANGE?

Like every city in the world, Melbourne faces a number of potential future challenges and risks from the predicted global climate change phenomenon. For example, sea level rises may impact on bayside locations, and more extreme rainfall events could impact on our stormwater system and flood management. We may also experience decreased overall runoff in our water supply catchments, and our agriculture could equally suffer from climate change impacts in the green wedges.

These potential climate change impacts on Melbourne, and equally the potential impacts of Melbourne on climate change, need to be more comprehensively considered in the strategic decisions about shaping our city's future.

Melbourne's potential impacts on climate change relate predominantly to the impact of an economy driven by high carbon emissions, including vehicle emissions and energy supply. A more energy-efficient future for our city is dependent on increased energy efficiency in building design and appliance use, and less reliance on private vehicles. Policies that encourage replacement of our ageing private vehicle fleet with cleaner, greener and smaller vehicles would also contribute to a more sustainable city.

Future medium density design must include consideration of non-oil-dependent-fuel vehicles. In particular, medium density design could incorporate options for electric recharge stations and options for retrofitting for future (as yet unproven) propulsion technology. An analysis of on-street parking recharge stations for existing suburban developments should also be undertaken.

Increasingly, the surrounding regional areas adjacent to metropolitan Melbourne have been attracting new residents. As a result, there is now significant demand for people to live in rural areas, on small rural holdings and rural residential lots. However, despite this trend, the pattern of population and settlement in the regions, metropolitan Melbourne and areas in-between, has not been adequately considered by policy makers in the context of sustainability and carrying capacity. That being said, the catastrophic bushfires of 2009 have certainly prompted significant debate about the desirability, or otherwise, of dispersing people and dwellings throughout the Australian bush environment.

In 2008, the Committee for Melbourne recommended a series of actions relevant to long-term sustainability as part of its Climate Change Taskforce. These related to:

- Buildings;
- Low emission energy;
- Transport;
- Social equity;
- Urban resilience;
- Business procurement;
- Removing barriers to change; and
- Implementation through regulation, funding and communications.

While we accept that many larger scale solutions can only arise from agreed and coordinated global action, we will need to be part of these solutions via fundamental changes to elements of our current and future lifestyles and, in particular, our energy production and consumption in Melbourne.







SECTION

3

ACCOMMODATING A BIGGER, BETTER CITY

OUR VISION FOR
URBAN DENSITY

URBAN DENSITY AND THE NEED FOR CHANGE

CAN WE INCREASE DENSITY AND KEEP OUR CITY'S SOUL?

In order to plan appropriately for the future, we must first understand and learn from our past. Melbourne has an interesting history when it comes to density, and it is certainly one that can teach us much.

Melbourne's 19th century inner suburbs had densities of 20-30 dwellings per hectare. As the city grew, so too did the average size of land parcels, which resulted in middle and outer suburbs with significantly lower densities than the inner areas.

The 'quarter acre block' of the 1950's became the aspiration and, in some areas, even the norm. At 1,000m² per dwelling, this popular size block only delivered about nine dwellings per hectare once space was allowed for public space and streets. By the 1970's, lot sizes had reduced to approximately 750m², but this still resulted in no more than 12 dwellings per hectare. Such low densities have always been challenging to service with public transport, services and community facilities. They have also historically constrained the establishment of economically viable approaches to sustainable energy and water consumption.

In the current public discourse 'increasing density' has a negative connotation. Counter-intuitively though, increasing density in a well-planned way should be seen as a positive. 'Good density' brings with it many perceived benefits and improved cultural amenity. The market certainly confirms this, which is why suburbs like St. Kilda and South Yarra appear to be more popular destinations than suburbs like Sunshine or Melton.

Today, while the urban myth may endure, the fact is that the traditional 'quarter acre block' is long gone in our city planning. In recent decades, the trend to bigger blocks has reversed, largely through a market response designed to contain housing prices, and more recently, governments have recognised the need to reduce land

consumption. As a result, our current density targets are sitting at around 15 dwellings per hectare.

However, a density target of 15 dwellings per hectare (with lot sizes of around 500m²) for Melbourne's fringe is well short of the densities that were achieved in (now) inner Melbourne in the 19th century.

The target is also seen as conservative, compared to cities such as Frankfurt, Rome and Vienna, where densities of 25-30 dwellings per hectare are common. It is noteworthy that these international benchmarks for contemporary development match Melbourne's much-loved inner localities. We believe that this is more than coincidence, and is evidence of a more appropriate option for Melbourne.

When examining Melbourne's 'soul', there's little doubt that a formative characteristic of our city is its bounty of green spaces. With this in mind, if we are to increase development intensity then we must make a conscious effort to retain these green spaces. Our urban green spaces not only contribute to our collective soul, they're also instrumental in controlling ambient temperatures, reducing heat island effects, absorbing carbon, conserving biodiversity and potentially providing for local food and water production and recreation.

The significance of urban green spaces is recognised in Grey to Green (CABE, UK 2009), which proposes the consideration of greenery as an important infrastructure element requiring planning and investment. We must do the same. In some locations, particularly the city's inner north, the existing network of green spaces is poor and creative solutions are urgently needed to retrofit these urban areas with a new network of open spaces.

The Committee for Melbourne believes that greater awareness of the need for communal open space, as well as public and private open space, is required in all of our design options for urban development.



WHAT DOES DENSIFICATION MEAN?

Even though urban densification is now commonly discussed, apart from per hectare targets for outer Melbourne, the term remains largely undefined and misunderstood.

So what does densification mean? Is it associated with two storey townhouses, walk-up medium rise apartments or high-rise towers? Does it refer to building height, or the average number of dwellings per hectare? And when we talk about densification, is the same solution being proposed right across the city?

Density is about the carrying capacity of neighbourhoods rather than height limits, that is, how many dwellings per hectare on average are appropriate in each part of the city. Melbourne has examples of higher density neighbourhoods, both wonderful and wanting. Some have high-rise towers, others have lower wider buildings and in some locations there is a proliferation of townhouses. When communities continue to equate densification only with high-rise, it is no surprise that there is apprehension and opposition. Density is not about 'high density' and 'low density' only. It should be a discussion about a range of density options – high, medium and low.

There is a growing awareness that in order to accommodate the fast-growing population of Melbourne, the city will either need to grow outwards or be more densely developed within its current boundaries, or both.

The above statement evidences a contradiction in public discourse. Part of public perception is against both increasing density and extending the urban growth boundary. Yet people are proud of the positive aspects of Melbourne that make this city an attractive place to settle. Australians also demand the freedom to choose their own family size resulting in a growing population, even when immigration is excluded.

It is not possible to resist both 'growing up' and 'growing out' while at the same time allowing people the freedom to choose their family size. Growth therefore must be planned.

Melbourne @ 5 million includes plans to accommodate the next one million people in an estimated 600,000 new dwellings, with half of these in established areas and the other half in new growth areas, resulting in a larger land area occupied by the city.

While forecasts of growth and densification are being met with a degree of community apprehension, the fact remains that both need to be embraced by Melburnians. If planned carefully, both growth and densification will result in a city that is more liveable, interesting and better connected than the Melbourne we experience and enjoy today.

The challenge for Melbourne is to embrace the need for increased density in lower-rise form, to understand the benefits of a pluralistic approach, and to help facilitate the implementation of this change in agreed and targeted locations.

More broadly, Melburnians also need to recognise and accept that this growth conundrum is by no means a new phenomenon. We have been consistently growing since our foundation, and have seen our population double in the last 50 years alone. Even though the last 50 years has seen some increased densification and a spread of the growth boundary, most would agree that, on balance, Melbourne is a much better city today than it was in 1960.

Indeed, Melbourne has already proved once that it can get bigger and better.

Continuation of increased urban density can be achieved without destroying neighbourhood character. In fact, if planned well, it can improve character. Density needs to be understood and nurtured, not feared, as it has the ability to assist in shaping and growing Melbourne into an even more liveable city.



MAKING DENSIFICATION VIABLE

CREATING VIBRANT NEW AREAS

The taking up of rural land for urban development should be seen as a privilege, and one with weighty responsibilities attached. For many reasons, not the least being the economic resilience, liveability and sustainability of the fringe, the outer areas of Melbourne need to adopt a radically changed model of urban densification.

Unfortunately, current discussion about how and where the city will grow is more focussed on where Melbourne's Urban Growth Boundary (UGB) should be located and at what cost landowners will be allowed to develop the additional land. This is combined with the need to capture some of the value uplift associated with converting agricultural land to urban uses in order to finance the new infrastructure required to establish new urban areas.

The prevailing concern of government is to provide land in a timely manner to a residential property market that is becoming supply constrained. The result is that unfettered supply, as a primary driver of short term housing affordability, is now being allowed to dominate the policy discussions.

While there is a requirement to plan for densities of at least 15 dwellings per hectare and to plan for associated retail and commercial activities, current policy requirements are merely an extrapolation of existing norms on the fringe of the city, not the step-change required to improve the liveability and economic resilience of the fringe. The pressure to open up land for development has become the driving factor and has resulted in very modest performance standards in relation to providing greater housing density and choice on the urban fringe.

There are good reasons to work on the pretext that the UGB is indeed a boundary, as distinct from a temporary control line. A boundary creates the mindset that speculative energies and development investment are better spent within the boundary rather than creating a ring of marginalised rural land around the city's edge.

The State Government's assertion that the UGB is a boundary rather than a temporary control line is, however, undermined by its own re-alignments of the UGB over time. It is obvious to all, with the low densities of development on the fringe, that there is not yet enough designated land for a city much beyond five million people.

The development industry has learnt that it is merely a waiting game of when, not if, the UGB line will be re-drawn and, true to any democracy, its realignments have demonstrated the power of lobbying government. Melbourne's speculative stock of land in anticipation of UGB boundary changes is nonetheless extensive and presents a major threat to the commercial and social viability of rural communities close to the city.

Each expansion of the UGB is like releasing a valve on the pressure to find an alternative approach. With its release, not only is it imperative to radically challenge the dominance of development on the fringe dissipated, but the incentive for the development industry to take on the greater challenges of urban renewal in the established parts of the city, and achieving more efficient development footprints is also removed.

Urgent discussion is currently required about where a greatly expanded population should be located and what mix of densities and related economic and liveability essentials will be needed in creating new areas.

To ensure that the right mix of urban densification and urban expansion is achieved, we believe that the following principles should be applied to deliver more sustainable development outcomes:

- New areas should be planned and managed as resilient, diverse and interconnected economic regions with targeted private and public sector investment in place-making to facilitate early delivery of vibrant economic and social hubs;
- Development should be based on both the principles of genuine mixed-use activity centres and the achievement of overall residential densities considerably higher than current government policy targets for outer growth areas, so as to reduce land take-up;
- A diverse range of housing types and tenures should be provided to meet demand from a wide market spectrum including singles, couples and families, and to deliver the full range of affordable to premium housing options; and
- A district and precinct-wide sustainable infrastructure and transport system should be deployed to achieve significant reductions in energy consumption, water use and car dependency.

The essence of development would be guided by key principles such as:

- A mixed use approach to economic activity and sustainability;
- A higher intensity of occupation;
- Sustainable development and systems;
- Accessible infrastructure, services and information;
- Quality physical amenity;
- The development of a shared vision between the local and surrounding communities and key stakeholders; and
- Local or nearby employment opportunities.



RE-WORKING ESTABLISHED AREAS

Melbourne is at the stage where the realities of population growth are inevitable and largely beyond the control of a democratic system.

Government can, however, ensure that population growth becomes synonymous with enhanced liveability and sustainability. The city need not be a victim of its growth, but rather benefit directly from it.

The solution will need to address not only the densification of the fringe and the growth of satellite cities and towns, but also the densification of existing parts of the city.

We believe that the discussion should be about the carrying capacity of neighbourhoods rather than filling Melbourne with high-rise buildings. A neighbourhood-friendly approach is possible, and must be achieved.

Some neighbourhood precincts should remain low rise and low density. In precincts like this, often these characteristics are the reason why people have invested in particular streets and take pride in their neighbourhoods. They also typically provide extra privacy and a quiet lifestyle. However, what they often don't provide is convenience to transport, schools, jobs, shops and community services.

At present, we are on an unnecessary and confrontational path to solving our accommodation challenges. The introduction of additional households into the established parts of the city is not yet approaching the scale required, but it has already started creating tension and negativity. This is because we have a system that is encouraging a clash between the aspirations of incoming householders and investors with neighbourhood concerns over changes to the status quo. These confrontations often arise through attempts to force density onto communities that already meet appropriate metropolitan benchmarks.

The solution therefore lies in looking at whole neighbourhoods. When developments are taken on a case-by-case basis, rather than in the planned context of knowing where a neighbourhood is heading, it is hardly surprising that residents feel their investment and lifestyle is under threat. It is fair to expect communities to develop an involvement in and knowledge of how their neighbourhood will change with time. It is also naive to expect that everyone wants the same size and type of dwelling. Neighbourhoods need to provide a spectrum of choice to suit different incomes, stages of life, spatial needs and lifestyle choices.

The accommodation of a greater number of people into a given area presents both challenges and opportunities. The only way most people can be encouraged to live in closer proximity to one another and in smaller dwellings (apart from price considerations) is to ensure that the quality of local life in the public domain compensates for the reduction in size of the private domain, both in house size and in private open space.

The public domain needs to provide jobs, services, open space, recreation opportunities and access to transport. The benefit is that when more people live in a neighbourhood, the viability of providing such services and facilities is transformed. Melbourne has many examples of where this has happened. Inner city suburbs such as St. Kilda and even smaller centres such as Elwood, have achieved urban intensification, that is, the combination of densification with use mix, to create interesting, vibrant places. The result is they are highly sought after places to live, work and relax. They offer vibrant well-serviced neighbourhoods that have a range of housing choices.

Again this is nothing new for Melbourne. Market pricing indicates a premium is paid for higher density areas such as St. Kilda, if that density is co-located with community and cultural facilities. Density, if planned well, is not the negative that many perceive it to be. Indeed the popularity of St. Kilda, Prahran, Richmond and many other areas of Melbourne indicates that rather than being rejected, density is the preference of many Melburnians.

In considering the carrying capacity of neighbourhoods, it will not only be a matter of place-making issues. Densification places a heavier demand on ageing infrastructure that was in many cases originally scaled for a lower level of use and on services such as education and transport. In a manner similar to the experience on the city's fringe, services provision or upgrading will come at a cost. In most cases, while the cost will be less than the burden of providing new services on the fringe, it will be significant.

Many of our service delivery authorities have such asset augmentation and replacement needs in hand for a potential population of about five million. But few, if any, are planning for a possible population of up to eight million in a co-ordinated manner viewed across multiple sectors. This is another example of the need for leadership and decision-making. If infrastructure is to be renewed, it should meet established long-term density targets.

These issues will be discussed in more detail in Volume three of this series.

ACTIVITY HUBS: FROM ASPIRATION TO REALITY

The future of our city is at a tipping point. If government does not take sufficient action to transform activity centres into transit and pedestrian-oriented development zones, linked into planned metropolitan networks of integrated land use, infrastructure and transport, then the strategic future for Melbourne is at risk.

The key to finding places in Melbourne that are suited to increased density is to understand the locations across the metropolitan area which can best accommodate change and which maximise access to transport, infrastructure and services, including employment.

One particular urban renewal model promotes better use of existing urban infrastructure as part of increasing density in Melbourne. The idea of establishing more dwellings particularly along all of the city's tram and train routes (together with ground level commercial space) and to a certain extent in activity centres, forms the basis of this proposal. It has been estimated that using this model potentially as little as 7.5% of the land area of Melbourne could increase significantly in density and then accommodate an almost doubling of the city's population. This would potentially leave the remaining parts (ie: the great majority) of metropolitan Melbourne as low density.

This model may be part of the urban solution, particularly for some arterials, however, others may be too remote from community and commercial hubs or may not be self-sufficient to sustain their own local community or commercial facilities. If implemented uniformly the economics of ground floor space and commercial catchments may result in poorly utilised street level spaces, which would impact on the quality of the public realm along some of these corridors. On the positive side, this model would extract maximum value from the public transport system. While this is very important, it should not be the dominant concern in the creation of neighbourhoods where people can and want to spend time living, working and relaxing.

Additionally, the current discussion on this option has revolved around currently identifiable routes. If we are planning for a city into the future, the discussion needs to identify the future public transport corridors that will link activity centres, not just the current hub and spoke design that exists in today's transport routes.

A further and potentially more desirable urban renewal model is to (only) target densification above and around activity centres, whether they be very small retail strips through to the larger activity centres, as proposed by *Melbourne @ 5 million*. In doing so, such densification would also result in a diversification of uses in each of these centres.

Indeed, it may well be that this activity centre densification model and the transport corridor densification model, could both be implemented, provided sufficient controls over location, the extent of commercial development, street level outcomes, and the footprint and height levels of development were in place.

Melbourne @ 5 million aspires to accommodate an additional half a million people within the established areas of Melbourne. It places a priority over designated activity areas across the metropolitan area and locations close to existing transport routes. Unfortunately, though, it provides no solution about the scale of development that may be expected, the planning regime that will implement the policy, the role of local municipalities and how local communities will have a voice. The situation is only exacerbated when the state chooses to override planning norms in the name of expediting projects.

Obviously there are challenges in getting to 5 million, and when Melbourne's population grows well beyond this figure, the situation will be magnified. While the identification of Central Activities Districts (CADs) in *Melbourne @ 5 million* is a positive step, their location does not correlate well with some parts of the proposed population distribution both now and into a greatly expanded future.

If densification is addressed in every activity centre across the city, whether they are large or small, significant additional population could be accommodated without having to build high-rise towers. Instead, building solutions more in the 5-7 storey range would be the norm in these centres. This model would provide hubs of concentrated activity focussed around even the smallest of mixed-use centres.

While this model is certainly appealing, we must be aware that a key barrier to medium rise developments, as distinct from either low rise or higher buildings, is their economics. Because labour costs step up markedly for medium rise buildings compared with low-rise buildings, additional height and dwelling yields are needed to make projects viable. This is an issue that needs to be openly addressed between government, unions and industry.

Ultimately, the solution to Melbourne achieving agreeable densification lies in combining public voice with planning certainty. Instead of focussing solely on how to accommodate new households, we need to create appealing, vibrant centres that make controlled, modest densification acceptable.

ECONOMIC STRENGTH

Melbourne's local economies are largely reliant on the effectiveness of hubs of activity and exchange. Specialised precincts, hubs and centres, with unique connections to universities, medical centres, and design, telecommunications and IT specialists are emerging. These should be nurtured as centres of excellence, where partnerships between government, industry and community bring together citizens and also foster economic development across the city. Other identified hubs and centres, like the existing arts, sports and entertainment precincts adjacent to the CBD, can be further developed but will require additional and more explicit efforts to expand and improve their facilities.

Over the last 10 years, the Victorian economy has sustained a real growth rate of just over 3% per annum. This is the fastest of the non-resource states in Australia and a very high rate of growth in comparison to other mature Western economies. Melbourne, comprising the majority of the Victorian economy, has shared in this economic prosperity. Healthy economic growth is fundamental to a city's wellbeing. It creates jobs, ideally in high-value, high-productivity sectors and our population has grown largely because of this job creation.

This growth has been accompanied by a pattern of structural change. We expect that this will continue as some existing industries mature and other new industries emerge. In recent times, manufacturing and agriculture have been replaced as our major generators of export income by international education and services. Employment in manufacturing has been static or declining, while jobs in the services economy have grown, particularly in professional, technological and scientific areas, health care, education and training, construction, transport and logistics. Even within manufacturing, employment patterns have changed with growth in higher value-added jobs, such as design and research.

This change is indicative of a healthy economy and should be encouraged if Melbourne is to thrive and prosper. While it is difficult to forecast which industries will grow, the State Government through its Department of Innovation Industry and Regional Development (DIIRD), has identified 12 priority sectors for economic development: Automotive, Aviation, Biotechnology, Defence, Energy, Financial Services, Food, ICT, International Education, Science, Small Business and Tourism.

Additionally Melbourne is Australia's hub of philanthropy, corporate social responsibility and humanitarian affairs, with all major Australian NGOs being based in Melbourne – adding significantly to both the economy and the brand of Melbourne.

Economic flexibility into the future is a key to continued economic prosperity. A key aspect of economic flexibility is to ensure the protection of 'brand image Melbourne' in all its forms to ensure that Melbourne remains and enhances its ability to attract economic activity. Housing affordability, economic stability, liveability (including perceptions of crime, accurate or otherwise) all need to be monitored.

While our economic growth has been stable and we have enjoyed significant prosperity, in newer areas of the city the number and diversity of participants in the development of activity centres has steadily reduced during the last few decades. This has led to many centres with less character and reduced capacity for employment and enjoyment.

Today, many new activity centres are essentially retail centres that are typically developed by a single large enterprise with a controlling interest and a homogenising influence. Little, if any, opportunity is provided for small and medium-sized participants. This reduces the diversity of approaches taken to building places and has a significant impact on the scope for building ownership or take-up of tenancies.

As Melbourne grows, new activity centres and employment precincts should preferably provide opportunities for a range of small, medium and large-sized developers, designers, builders, investors, and tenants. The key challenge is to create the right conditions for this investment and to facilitate the co-location and beneficial relationships that can occur when small, medium and large businesses, services and community come together to form more diverse and interesting places.

Measures to create the right conditions for more diverse activity centres in new areas need to consider how to overcome monopolies. This should specifically stimulate economic opportunities through regulatory and incentive mechanisms. These could include establishing a diversity and density of ownership and tenancy patterns, multi-party management or governance of activity centres and the potential use of differential developer contributions as incentives.

COMMUNITY RESILIENCE

Melbourne's existing community development initiatives are diverse and are implemented by all three tiers of government as well as by corporate investment and the not-for-profit sector. While these have traditionally been responsive to community need as measured by a range of qualitative and quantitative metrics, the integration of community wellbeing with the shaping of Melbourne and its local places hasn't been the subject of substantial research, thinking or planning thus far.

The changing socio-economic and community characteristics of Melbourne brought on by significant population growth will need to be more explicitly understood and integrated into the planning and development of Melbourne.

It is not the Committee's intention for Melbourne to be socially engineered to distribute communities evenly across its metropolitan footprint, but rather that understanding community characteristics can assist to divert resources and infrastructure to places that need particular attention.

We believe that the integration of such community assistance and development with the land use structure of the city is critical to its ongoing wellbeing. Our ageing population and migrant arrivals will be the most significant community changes, presenting both opportunities and challenges. Consolidating and enhancing the character and role of internationally known precincts, such as Chapel Street, Lygon Street and Brunswick Street, will therefore be critical, as will establishing new precincts, which respond to local variations, migrant cultures and other demographic changes.

Effective city structure should facilitate economic and community development, as well as bring together people, places and networks. Our city's structure, therefore, should facilitate creative and intellectual endeavours (underpinned by the arts and science) through education, cultural and business exchanges that generate community wellbeing and new business opportunities.







SECTION

SHAPING OUR CITY

PLANNING CLEVERLY
FOR TOMORROW, TODAY

SHAPING OUR CITY

TODAY'S PLANNING

The current land use planning system in Melbourne applies a somewhat laissez-faire approach to the location and extent of urban density. There are broad strategic preferences for medium to high density development in particular locations, such as within activity centres and adjacent to transport corridors. There is also a broad strategic target that the base density of metropolitan Melbourne should increase to 15 dwellings per hectare, through a combination of dual occupancy, infill opportunities and density increases in preferred locations.

However, beyond the identification of activity centres, there is currently no comprehensive plan to target locations of increased density, nor is there a requirement on local government to plan for density outcomes.

In the third Melbourne Beyond 5 Million volume to be published subsequently, the Committee for Melbourne will tackle in more depth some of the infrastructure-related issues with growth, particularly around the issue of increasing density with public transport corridors.

Whilst the Committee has some issues with this model, if this is to be an option for Melbourne, then planners will need to identify future public transport linkages and not just build around existing linkages. The lack of discourse around the locations of future public transport corridors linking future activity centres is indicative of a gap in policy planning.

There is also a lack of a strong policy framework as to the preferred physical shape and form of Melbourne. If this 'policy void' continues, it is possible that increases in density will happen indiscriminately, with no strategic policies to determine how increased density will link to the provision of transport and other infrastructure.

While the State Government has undertaken significant assessments of the capacity of metropolitan Melbourne to accommodate a population of five million, there is currently no plan that demonstrates how aspirations of new and existing communities and densification will actually be converted to reality – let alone for a population significantly beyond five million.



TODAY'S MARKET FORCES

While the ambition of densification is to accommodate more people into the current footprint of the city, it is seen as inevitable that our metropolitan area will need to grow. Market forces currently favour urban growth ahead of densification due to the economics of development. The economics of constructing buildings higher than three storeys in established locations are complex. The need for lifts, construction cranes, design for fire emergencies and shared facilities and restricted access in existing urban areas all increase construction costs and discourage "cottage builders". Unionised workforces or monopoly union involvement within larger construction companies further complicate the economies of the labour market.

Notwithstanding these supply issues, on the demand side, the primary motivation for many buyers is to purchase the largest possible premises for the smallest possible amount. It is a simple fact that a detached house on the fringe can be built for the same price (if not less) than a smaller inner city townhouse or apartment.

These economic motivations need to be addressed. A greater awareness on the costs of outer suburban living should also be undertaken to inform consumers of the hidden costs of lower density fringe area living.

But motivations vary. For those needing a few bedrooms, family space and a garden, a house on the fringe is the cheapest offering. However, an increasing proportion of the market comprises smaller households that, in theory, do not need the numbers of bedrooms and the space typically provided in new housing. By way of example, the increasing trend to design 'study nooks' into residences can reduce the need for additional floor space where second bedrooms have been used as studies.

The reasons why many of these buyers purchase on the fringe ahead of the established areas are more varied. Issues such as prestige, perceptions of scale equating to good investment value and a perception of apartments and townhouses offering a diminished lifestyle all become critical factors. So too does the lack of choice offered by the market.

History shows us that higher densities in Melbourne's older suburbs were once economically viable, acceptable to the community and achieved transport and infrastructure efficiencies.

Melbourne needs to replace the notion of size equating to prestige, investment value and quality of life, with the notion that neighbourhoods can offer such a quality of life and that the size of housing is no longer the dominant criterion.

Current State Government policy is an admirable attempt to force a greater densification of the city, aspiring to half of the expected growth up to five million in established areas. If left completely to market forces, however, this ratio of 50:50 would more likely be 25 (established):75 (growth areas). We lack the governance and delivery mechanism to redirect market forces.

The number of new dwellings being developed in established areas is steady. This is resulting in half that required to meet current targets for these established areas.

The issue is that a business-as-usual approach to urban development, favouring urban expansion in new growth areas, is likely to result in a vast and quite unworkable urban environment as we grow well beyond five million people.

TOMORROW'S GROWTH OPTIONS

Since the release of *Melbourne 2030*, the community debate about growth options for Melbourne has been polarised into two opposing viewpoints:

1. Local action groups responding to particular development proposals or concerns about possible outcomes for local precincts, which view densification as negative; and
2. Government, environmental lobbies and academics, who support densification with varying approaches to how this may be distributed across metropolitan Melbourne.

Community debate has mostly been focused on particular development projects and in these cases the outcome is often determined, with varying degrees of acceptance, by VCAT, where arguments about metropolitan growth options tend to get buried within the complex set of local factors surrounding each project. The wider community is usually excluded from this process.

Little information about metropolitan-wide options and how these could successfully translate to the local environment is available to the community. *Melbourne 2030* included a brief summary of options, but there has been little, if any, community engagement in relation to either metropolitan-wide growth patterns or the local distribution of density.

To encourage further debate, we have identified five optional development patterns for metropolitan Melbourne, as set out in the following three pages:

OPTION 1: Intensification in existing areas with no further outward urban growth beyond current UGB.

Advantages

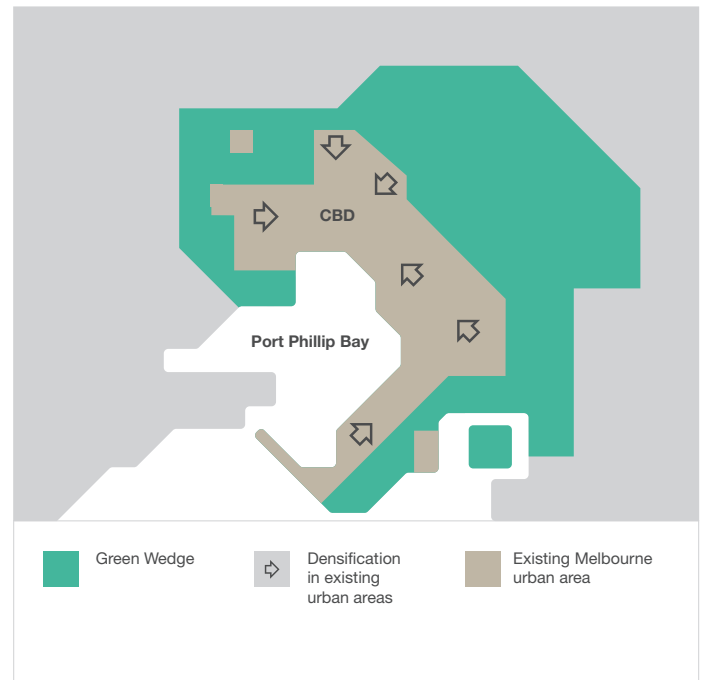
- No impact of growth on rural and conservation values.
- Significantly maximises accessibility and reduces the energy footprint of metropolitan Melbourne.
- Reduces vulnerability to increasing oil prices and housing costs.
- Maximises use of existing infrastructure.

Disadvantages

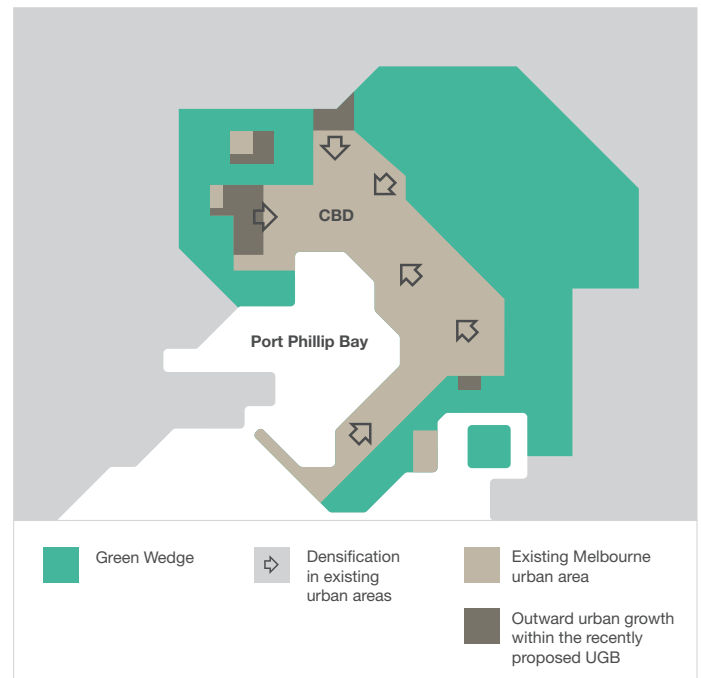
- Significant difficulty in retrofitting existing areas.
- Overcoming negative community opinion

This would prevent any further outward expansion and would require all new dwellings to be constructed within the urban growth boundary (UGB). Accommodating up to eight million could occur through a relatively even distribution of infill development, in both existing and growth areas within the current UGB, resulting in an increase in average urban density from approximately 10 dwellings per ha to 20 dwellings per ha. A more selective distribution of infill development, using one of the emerging models, would result in a wider range of densities from no change in many areas to as high as 200 dwellings per ha in other areas.

SIGNIFICANT DENSIFICATION



SIGNIFICANT DENSIFICATION RECENT URBAN GROWTH AREAS



OPTION 3: Some densification in existing areas with outward urban growth beyond the UGB into peri-urban centres.

Advantages

- Little extra cost to retrofit existing areas.
- Provides for new low density options.

Disadvantages

- Significant impacts on rural and conservation values.
- Significant increases in the energy footprint of metropolitan Melbourne.
- Accessibility in growth areas may be compromised.
- Existing peri-urban communities would need to accommodate significant growth.
- Creates additional vulnerability to increasing oil prices and housing costs in growth areas.

This would continue with some limited densification of existing areas, but enable outward expansion beyond the current urban growth boundary, into adjacent areas. This would include significant expansion around peri-urban centres such as Warragul/Drouin, Wallan, Bacchus Marsh and Geelong. Accommodating up to eight million could occur mostly through new development with no significant change to the current average urban density of 10 dwellings per ha. A selective distribution of densification similar to current patterns, using one of the emerging models, would result in no change in many areas, to as high as 200 dwellings per ha in other areas.

OPTION 4: Some densification in existing areas with outward urban growth beyond current boundaries into new locations.

Advantages

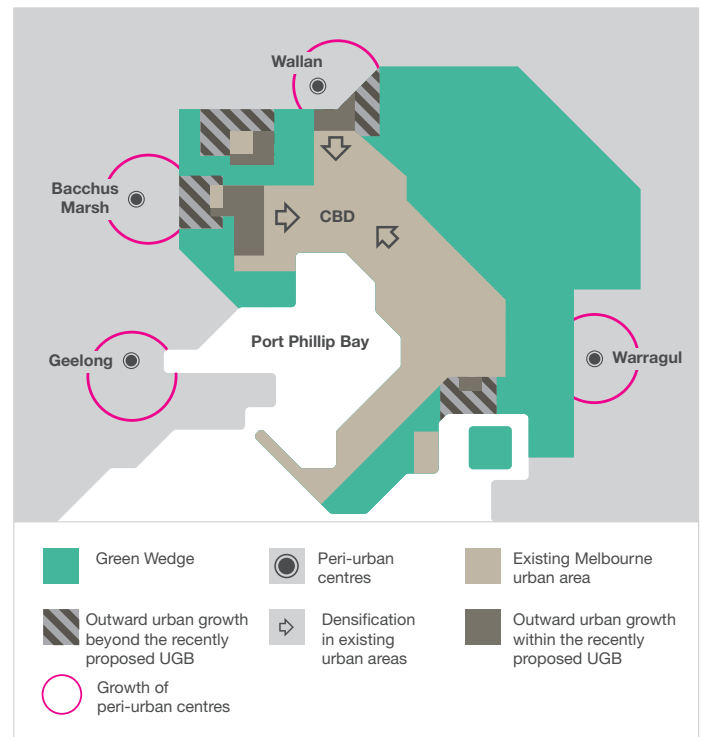
- Little extra cost to retrofit existing areas.
- Provides for new low density options.
- Existing communities would not need to accommodate significant growth.

Disadvantages

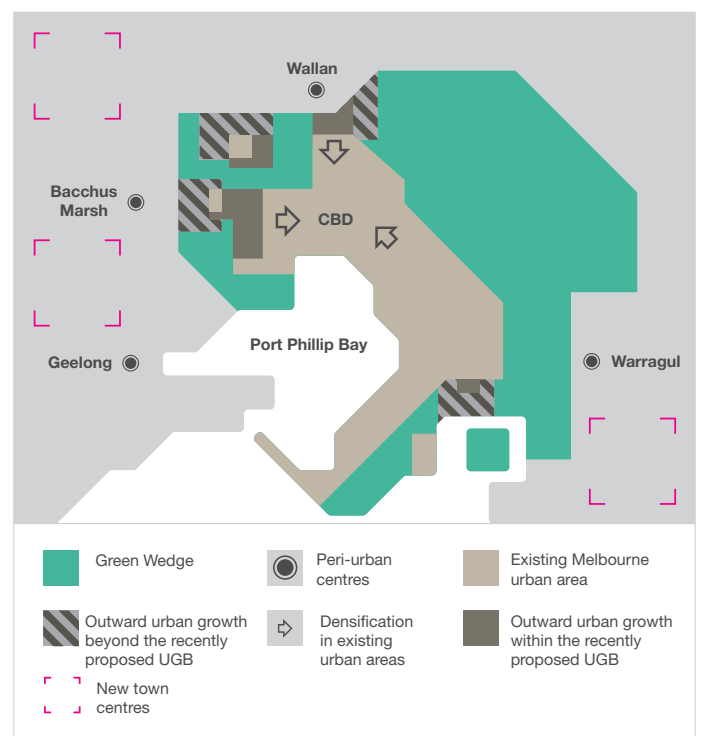
- Significant impacts on rural and conservation values.
- Significant increases in the energy footprint of metropolitan Melbourne.
- Accessibility in growth areas may be compromised.
- New central activities districts and communities would be required from the ground up.
- Creates additional vulnerability to increasing oil prices and housing costs in growth areas

This would continue with some limited densification of existing areas, but enable outward expansion beyond the current urban growth boundary, into new locations. This would require the establishment of significant new central activities districts. Accommodating up to eight million could occur mostly through new development with no change to the current average urban density of 10 dwellings per ha. A selective distribution of densification similar to current patterns, using one of the emerging models, would result in no change to many areas, with as high as 200 dwellings per ha in other areas.

**ONGOING DENSIFICATION
FURTHER URBAN EXPANSION
GROWTH OF PERI-URBAN CENTRES**



**ONGOING DENSIFICATION
FURTHER URBAN EXPANSION
NEW TOWN OPPORTUNITIES**



OPTION 5: Some densification in existing areas, no outward urban growth, with most additional growth accommodated in regional centres.

Advantages

- Little extra cost to retrofit existing areas.
- Provides for significantly expanded economic growth in regional centres.

Disadvantages

- Significant impacts on rural and conservation values.
- Significant increases in the energy footprint of Victoria.
- Accessibility within regional centres may be compromised.
- Existing regional communities would need to accommodate significant growth.
- Costs to establish rapid transport and freight connections to Melbourne.
- Employment opportunities would need to be accommodated through significant free market intervention.

This would divert most growth requirements to regional centres, with some continued limited densification of existing areas in metropolitan Melbourne. It would require significant urban expansion at regional centres at Latrobe Valley, Bendigo, Ballarat, Geelong and other centres located on regional transport corridors. Accommodating a population up to eight million could occur mostly through new development in regional centres with no change to the current average urban density of 10 dwellings per ha in metropolitan Melbourne. A selective distribution of densification in metropolitan Melbourne similar to current patterns, using one of the emerging models, would result in no change to many areas, with as high as 200 dwellings per ha in other areas. Densities in regional centres would also vary according to local opportunities and constraints.

Within each of these options, several possible approaches to density distribution (urban typologies) could be applied.

The extreme approach would be to accommodate the growing population evenly across the existing footprint of the city. While this would extract maximum use and value, from existing infrastructure, if taken too far, it could present a burden on ageing infrastructure and threaten most of the things that Melburnians hold dear - the city's liveability, affordability and connectivity. These are the non-negotiable elements of Melbourne. Unless our city remains an attractive, welcoming and well-connected centre, it will begin to decline.

Arbitrary and essentially unplanned intensification of the city over recent years has spawned widespread opposition, evident in community groups such as SOS (Save Our Suburbs), a predictable and understandable reaction to radical changes to a city which people hold dear. The challenge, therefore, is to develop a density proposition that retains the soul of Melbourne while accommodating significant intensification.

Planned density increases, sufficient to avoid the negative impacts of urban expansion, but targeted to specific locations to avoid impacts on existing areas, require an agreed approach to building typology.

REGIONAL CENTRES



Optional typologies for metropolitan Melbourne could include:

- Majority low-rise (1-3 storeys), but with large numbers of high-rise (7+ storeys) in targeted locations;
- Majority low-rise, with medium-rise (4-6 storeys) and high-rise located in and around Major Activity Centres, Principal Activity Centres and Central Activities Districts;
- Majority low-rise, with medium-rise (4-6 storeys) in and around Major Activity Centres, Principal Activity Centres and Central Activities Districts;
- Majority low-rise, with medium-rise (4-6 storeys) in and around Major Activity Centres, Principal Activity Centres and Central Activities Districts, supplemented by medium-rise adjacent to selected transport corridors;
- Majority low-rise, with medium-rise (4-6 storeys) and high rise located in and around Major Activity Centres, Principal Activity Centres and Central Activities Districts; or
- A widespread shift to denser low-rise (eg: dual occupancies), supplemented with any of the above medium or high-rise options.

GROWING PAINS

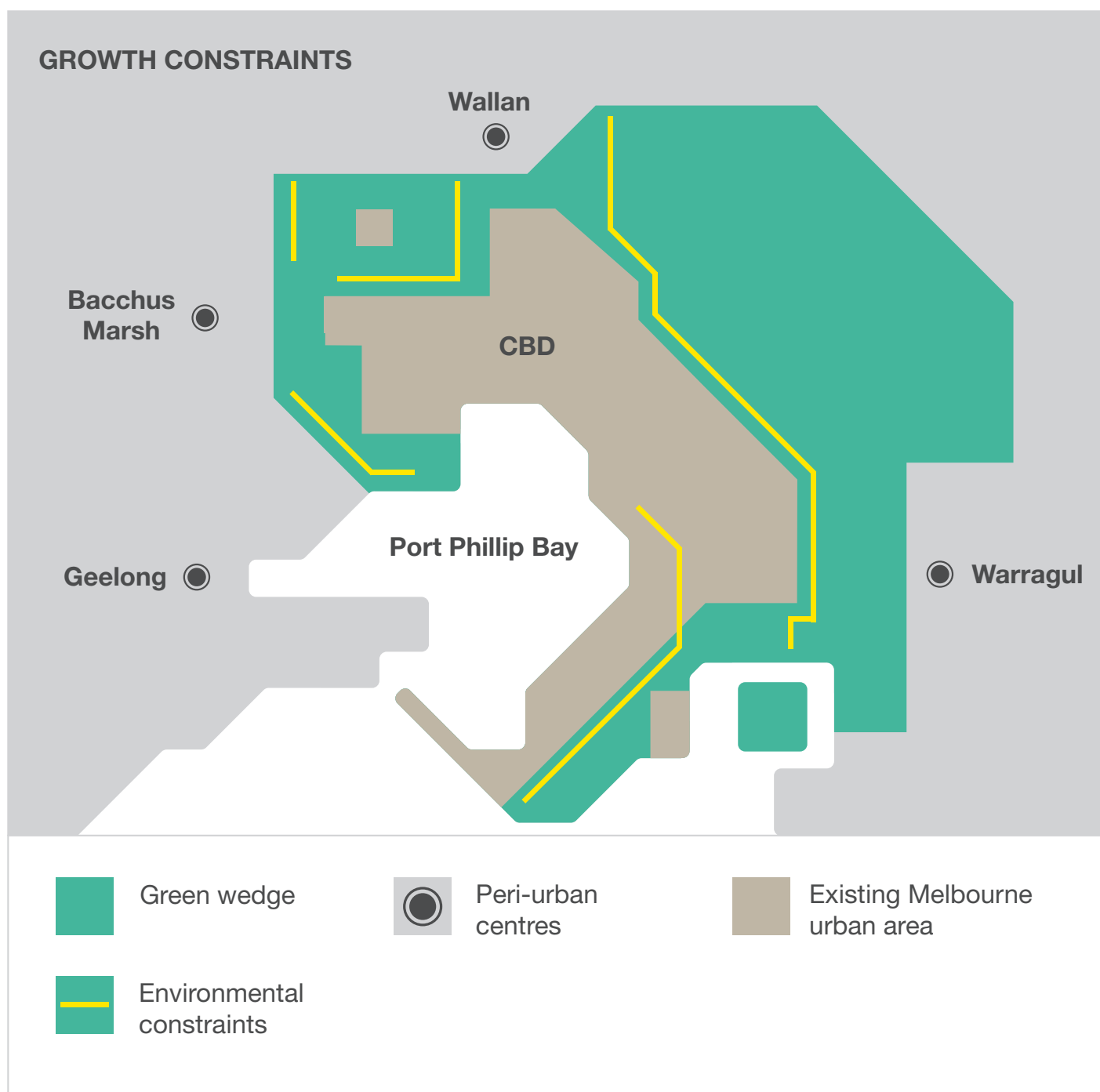
Melbourne 2030 established the green wedge surrounding the urban growth boundary to safeguard rural resources such as agriculture, conservation, water supply catchments and tourism. A superficial assessment of many parts of the green wedge suggests that there is ample land of marginal value at its outer edge to accommodate outward growth.

A closer look at these areas, however, reveals that metropolitan Melbourne is constrained on several fronts by physical factors that would be difficult and expensive to overcome. These include:

- Mornington Peninsula - rural living, tourism resources and accommodation, high value agriculture including viticulture and orchards;
- Koo Wee Rup – significant inundation and drainage constraints;

- Eastern Edge – water supply catchments, rural living, high value agriculture;
- North Eastern Edge – Yarra Ranges National Park, Yarra Valley tourism and agriculture;
- North Western Edge – Melbourne Airport flight paths; and
- South West – Inundation, salinity, geological conditions, native grasslands, Western Treatment Plant, Avalon Airport flight paths.

There could well be opportunities in some locations to accommodate further development beyond the current urban growth boundaries, particularly in the north and west. However, following further assessment, these areas may also prove to have limited growth potential so we shouldn't be too reliant on them to help house Melbourne beyond five million. Extending beyond these constraints would result in entirely new self-contained centres or "New Towns", which have largely proven unsuccessful in most Australian circumstances.





5

SECTION

THE ROLE OF REGIONAL CITIES

PLANNING, BUILDING
AND PROMOTING
STRONGER
CONNECTIONS





THE ROLE OF REGIONAL CITIES

REGIONAL DISTRIBUTION

In planning for making Melbourne better as we get bigger, we believe that a more explicit approach to planning Victoria's regions and provincial cities is required. This should include indicative targets for population growth in regional centres and how this approach responds to population projections for Melbourne.

Whilst we acknowledge that the State Government is currently initiating work on the Strategic Regional Planning Initiative, we feel that this needs to be integrated with strategic planning for metropolitan Melbourne. Policies should encourage planned and deliberate distribution of population growth between Melbourne and selected provincial cities and towns across Victoria.

Melbourne's outward growth could be managed using policies that significantly increase our regional population. Metropolitan Melbourne could continue to be separated by green wedges from surrounding peri-urban and provincial centres. Growth of selected provincial cities and towns could be based on their physical, economic and environmental capacity to accommodate development. Some near-metropolitan centres are emerging as immediate opportunities being pursued by the development industry and local government, including Geelong, Bacchus Marsh, Wallan and Warragul.

To achieve these appealing regional increases, targeted investment strategies and programs are required. Effective policies would be needed to increase infrastructure capacity and housing diversity to provide for successful economic development. Investment in sustainable transport links would also be essential to promote stronger connections between Melbourne and key provincial cities.

This approach has electoral and environmental attractions. Potentially popular with provincial electorates, it would make better use of legacy infrastructure in regional cities. The policy might also help avoid continuing changes in the Melbourne UGB.

Economic forces challenge this model. While Germany and other European nations have many good examples of long-standing, world-class industries that are based in provincial towns, we need to determine whether similar arrangements are possible in the 21st Century. Manufacturing is increasingly capital-intensive and footloose. While the TAC can be relocated to Geelong, the modern CBD is an intricate network of administrative, financial and service industries, which is difficult to replicate in a provincial centre. Any move toward this model would need rigorous economic evaluation before major investments were made.

A more likely scenario is the organic evolution of smaller and service enterprises toward communities with a slower pace and more stable community culture. This is already evident in some provincial cultures.

For its part, the Committee for Melbourne is thoroughly committed to continuing to work with its sister committees in regional Victoria (including the Committee for Geelong and the Committee for Ballarat) to discuss and develop mutually beneficial projects that deliver quality outcomes and connections between metropolitan Melbourne and regional Victoria.

Recently, and as an example, the Committee for Ballarat and the Committee for Melbourne called for an analysis of incorporating business class carriages into commuter trains between the major centres to allow for WiFi connectivity for effective use of transit time. In addition, the Committee for Melbourne, in conjunction with the Committee for Geelong, will continue to analyse mutually beneficial options to better utilise the Geelong to Melbourne corridors.







SECTION

6

**ACTIONS TO
DELIVER CHANGE**

OUR IMMEDIATE
COMMITMENTS

ACTIONS TO DELIVER CHANGE

PLANNING AND DESIGNING PLACES OF EXCELLENCE

There is a need for a strategic vision for the preferred urban design outcomes for Melbourne's places. The State Government's Urban Design Charter is a commendable foundation for improved urban design outcomes. Much more, however, is required to direct the efforts of the development industry in creating well-conceived buildings, places and spaces in both new growth areas and redevelopment areas.

Local policy and decision making should focus on establishing new urban spaces, buildings and places with exemplary design standards. A comprehensive set of urban design guidelines should be established at the metropolitan level to ensure a consistent approach to the development of buildings and particularly dwellings. Activity centres and transport corridors cannot be transformed to higher density development while retaining street scale liveability without the application of high standards of urban design.

Councils and individual developers cannot be expected to be experts in urban design and architecture, particularly as it relates to the considerable challenges of urban densification. There is a strong argument for creating an organisation similar to the Commission for Architecture and Built Environment (CABE) in the UK. Such a commission, ideally established on a national footing, could assist in communicating excellence, building capacity and even demonstrating outcomes.

This could also assist in alleviating community concerns regarding uncertain outcomes from the development process. The present trend of uncertain outcomes is likely to continue without such active design guidance.

MAKING DENSIFICATION ATTRACTIVE AND EFFECTIVE

The Committee for Melbourne will assist the Government to develop a model of governance to enable appropriate densification of Melbourne. We will also actively assist in identifying the essential characteristics and elements for urban villages and explore how best to preserve these as density increases.

Furthermore, by working with organisations such as COAG, we can contribute to ongoing investigation into the cost differential between Greenfield and Brownfield construction. With the assistance of relevant partners we will help develop additional and refined recommendations for establishing cost-effective densification of existing areas.

IDENTIFYING NEW, VIABLE ACTIVITY CENTRES

The Committee for Melbourne will advocate the development of place differentiation strategies for each activity centre identified in *Melbourne 2030* and *Melbourne @ 5 Million*. These would be developed between communities, local governments and the State Government and would include social amenity, economic capacity building and public investment considerations. In doing so, we propose that unique identities should be developed for each centre, reflecting their respective sustainable competitive strengths.

We also recommend that the State Government model the potential future economic landscape of Melbourne to identify appropriate locations for economic centres and corridors for a city of eight million people.

Specifically, we believe that it should:

- Analyse the current economic landscape of metropolitan Melbourne;
- Identify existing competing economies in Melbourne to understand and foster their drivers and differentiation; and
- Identify and support existing and potential economic centres beyond those identified in *Melbourne 2030* and *Melbourne @ 5 Million*, including an assessment of current centres.



CONCLUSION

This second volume in the Melbourne Beyond 5 Million Series has looked at what increased density means to our city and suggested ways of ensuring that this increase can make us better as we get bigger.

We have discussed a number of negative perceptions, connotations and challenges that surround density. From assumptions that it equates to undesirable high-rise tower blocks and decreased comfort, to problems of construction affordability and risks of placing community character and open spaces in jeopardy, we have left few, if any, stones unturned.

Indeed, we have accepted these challenges as just that. They are challenges that must be met and we can meet them if we plan for them.

If left to its own devices, density has the potential to evolve unfavourably and ultimately beyond our control. But, if we plan for growth, then increasing density gives us numerous and significant opportunities to enhance Melbourne's liveability and economic prosperity.

In Volume Three, we will discuss the issue of infrastructure and explore its vital role in keeping our city connected, engaged and well-serviced. This is another key consideration as Melbourne continues to grow and will provide both a fitting conclusion to the exploration of our city beyond five million and an ideal foundation for ongoing debate.

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