

*Planning and Environment Act 1987*

# Residential Zones

## Standing Advisory Committee

Stage One Overarching Issues Report

**20 June 2014**



*Planning and Environment Act 1987*

Advisory Committee Report pursuant to Section 151 of the Act



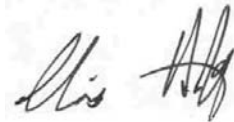
Con Tsotsoros, Chair



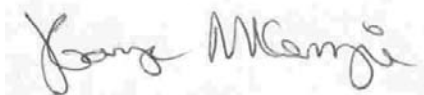
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## List of Abbreviations

AN50	Advisory Note 50: <i>Reformed residential zones</i>
BMO	Bushfire Management Overlay
the Committee	The Residential Zones Standing Advisory Committee
DDO	Design and Development Overlay
DHS	Department of Human Services
DPO	Development Plan Overlay
DTPLI	Department of Transport, Planning and Local Infrastructure
EMO	Environmental Management Overlay
ESO	Environmental Significance Overlay
GRZ	General Residential Zone
HO	Heritage Overlay
LPPF	Local Planning Policy Framework
LSIO	Land Subject to Inundation Overlay
MPA	Metropolitan Planning Authority
MSS	Municipal Strategic Statement
NCO	Neighbourhood Character Overlay
NRZ	Neighbourhood Residential Zone
<i>Plan Melbourne</i>	Plan Melbourne, Metropolitan Planning Strategy 2014
PN28	Practice Note 28: <i>Using the Neighbourhood Character Provisions in Planning Schemes 2004</i>
PN43	Practice Note 43: <i>Understanding Neighbourhood Character 2001</i>
PN59	Practice Note 59: <i>The role of mandatory provisions in planning schemes</i>
PN78	Practice Note 78: <i>Applying the residential zones 2013</i>
PPTN	Principal Public Transport Network
PTV	Public Transport Victoria
R1Z	Residential 1 Zone
R2Z	Residential 2 Zone
R3Z	Residential 3 Zone
RGP	Regional Growth Plan

RGZ	Residential Growth Zone
SLO	Significant Landscape Overlay
SPPF	State Planning Policy Framework
UGZ	Urban Growth Zone
VCAT	Victorian Civil and Administrative Tribunal
VPP	Victoria Planning Provisions

## Foreword

This report has been prepared by the Residential Zones Standing Advisory Committee (the Committee) that was appointed by the Minister for Planning on 5 February 2014. The purpose of the Committee is to advise the Minister for Planning on the method and application of the proposed new residential zones into a local planning scheme. The Committee operated under Terms of Reference that were approved on 10 January 2014 and subsequently revised.

Following its review of 14 draft amendments the Committee has recommended that 10 proceed, and that nine of these include various changes. The Committee has recommended that four of the draft amendments not proceed; Boroondara C199, Kingston C140, Moonee Valley C137 and Moreland C153. The Committee has provided findings and recommendations to help guide and support the four Councils in ultimately implementing the residential zones into their local planning schemes.

The Committee has reported its findings in two reports:

- Stage One Overarching Issues Report
- Stage One draft amendment reports

The Stage One Overarching Issues Report outlines the background to the Committee and explains the process that it followed. This report discusses the ‘overarching’ issues that were raised in submissions, together with matters that were common to many of the draft amendments.

The Stage One draft amendment reports address the issues associated with the specific local council amendments.

The two reports should be read together.

The Stage One Overarching Issues Report includes six recommendations intended to address broader issues raised during the process. These include updating guidance material and addressing uncertainties and ambiguities associated with applying the new zones.

It includes a set of ‘principles’ that the Committee developed during the process. The principles were used to inform the review of individual Stage One draft amendments, and can be taken forward in considering future residential zone implementation proposals.



## Summary of Recommendations

Based on the reasons set out in this Report, the Committee recommends:

1. Refer any matters, where the Residential Standing Advisory Committee has recommended that a draft amendment not proceed, to the Committee after Council has progressed the recommendations outlined in the relevant Stage One draft amendment report.
2. Update and merge into a consolidated practice note, PN43: *Understanding Neighbourhood Character* (2001) and PN28: *Using the Neighbourhood Character Provisions in Planning Schemes* (2004) to address neighbourhood character and the principles for addressing it in planning schemes in conjunction with PN78: *Applying the Residential Zones* (2013). Alternatively, the three practice notes could be replaced by the Good Planning Guide proposed in *Plan Melbourne*.
3. Review the integration of the zone schedules and overlays. This review should address the respective roles of residential zones and overlays and which of these should be used to manage built form outcomes and how to best reconcile potential conflicts.
4. Reconcile the reference to building heights in the purpose of the Residential Growth Zone with the provisions of the zone and associated references in Practice Note 78: *Applying the Residential Zones* (2013).
5. Reconcile the schedule to the General Residential Zone with the commentary for the schedule template in Ministerial Direction on the Form and Content of Planning Schemes, in relation to the permit requirement for the construction or extension of one dwelling on a lot.
6. Amend Clause 32.09-8 of the Neighbourhood Residential Zone to read as follows:
  - a) The maximum height of a building used for the purpose of a dwelling or residential building must not exceed the building height specified in a schedule to this Zone. If no building height is specified, the height of a building must not exceed 8 metres, plus any applicable flood level, unless the slope of the natural ground level at any cross section wider than 8 metres of the site of the building is 2.5 degrees or more, in which case the height of the building must not exceed 9 metres, plus any applicable flood level.

Additional recommendations are made in the Stage One draft amendment reports.

## Summary of Principles

The following provides a summary of the principles established in the following chapters in this report that have been used to inform the review of individual Stage One draft amendments. In most circumstances they reiterate and, where relevant, expand upon the principles and criteria of PN78.

### (i) General

- P1** The Committee has adopted a cautious approach to the application of the zones, particularly the NRZ, because it has had to consider the amendments on a municipality by municipality basis, rather than on a metropolitan or sub-regional basis.
- P2** The ‘translation’ of existing policy, overlay and zone provisions should occur with the use of the zone that is the closest fit to the status quo where there is no housing strategy, the strategy is not sufficiently robust to inform the application of the zones, or the strategy does not appear to directly link to the zones applied.

### (ii) State Planning Policy Framework and *Plan Melbourne*

- P3** The application of the new residential zones must support the directions and initiatives of the SPPF, *Plan Melbourne* and Regional Growth Plans (where relevant). This includes policy that promotes housing diversity and directs housing growth to nodes around activity centres and public transport stops.

### (iii) Housing Strategies

- P4** The application of the residential zones should be based on a housing or similar strategy that specifically addresses where and how housing growth will be accommodated.
- P5** Strategic work (other than housing strategies) can be used to inform the application of the new zones. For example, this includes structure plans and the use of the principles and criteria in PN78 as a guide, with reference to the zone purpose to clarify any ambiguity.
- P6** Municipal housing capacity analysis and targets for applying particular zones should not be the sole driver in implementing the new residential zones. However, capacity analysis should be undertaken to confirm that the strategy is workable and will meet projected future housing requirements.

### (iv) Applying the zones

#### Neighbourhood Residential Zone

- P7** The NRZ should not be used as the ‘default’ residential zone.
- P8** The application of the NRZ **at the municipal level** should not be driven by the 50 percent reference in *Plan Melbourne* or the percentages applied in other municipalities.

- P9** The NRZ should not be applied in precincts where there is policy support for significant housing growth, including near PPTN stops and activity centres unless supported by sound strategic justification.
- P10** The use of the NRZ in response to identified character should be balanced with policies and strategies to provide housing choice and affordability, and efficient service infrastructure provision.
- P11** The use of the NRZ to limit residential development in areas subject to environmental hazards or values should have regard to whether the zone provisions are necessary in addition to the relevant overlay.

### **General Residential Zone**

- P12** The GRZ will typically be the 'default' zone for the R1Z.
- P13** The GRZ should not be used as a 'default growth zone' because it only provides for incremental change and there is an expectation that respecting neighbourhood character will influence the scale of built form.
- P14** The GRZ might be suitable for broader application in rural and regional centres in response to more moderate growth expectations.
- P15** The GRZ, rather than the NRZ, is preferred for broadacre land identified for residential development that is in the process of subdivision and development.

### **Residential Growth Zone**

- P16** The RGZ should be applied where the potential establishment of commercial uses, as permitted by the zone, is unlikely to adversely impact on existing activity centres, particularly in rural and regional centres.
- P17** The application of the RGZ or the GRZ is preferred over the NRZ for larger scale housing redevelopment sites (including those for social housing).
- P18** The RGZ (or a zone other than one of the three new residential zones) should be applied to nominated or potential urban renewal precincts unless an alternative residential zone is specifically justified.
- P19** The RGZ (or a zone other than one of the three new residential zones) is the primary zone for areas identified for significant housing change that are not constrained by 'character'.

### **Schedules**

- P20** Zones should be selected having regard to local policy, overlays and other scheme provisions, and before developing local content in schedules.
- P21** Local content in a schedule must be justified in terms of the efficacy of the requirement and the implications for achieving policy objectives.
- P22** Schedules should be avoided where they apply new benchmarks for residential development without adequate justification.

**P23** Schedules should only be applied where there is a clearly defined need and it can be demonstrated that the provisions of Clause 54 and 55 are not adequate.

**P24** The use of local schedules should be minimised and schedules should preferably be applied on a broad scale rather than on a site specific basis.

**(v) Overlays**

**P25** Existing overlays should be a factor when considering which zone to apply. The overarching consideration is whether the overlay should be accompanied by a restrictive zone or whether the overlay provisions should be allowed to operate with a less restrictive zone. In many instances this should result in translating the Residential 1 Zone to a GRZ.

**P26** The existence of the Heritage Overlay does not automatically justify applying the NRZ.

**(vi) Practice Note 78**

**P27** The principles and criteria contained in Tables 2 and 3 of PN78 need to be read together and with reference to the existing policy framework and the purposes of the zone.

**(vii) Covenants**

**P28** The NRZ should not be applied solely on the basis of single dwelling covenants. The choice of zone should reflect the broader strategic direction for these areas.

**(viii) Character**

**P29** The existence of 'character' does not automatically justify applying the NRZ.

**(ix) Mandatory provisions**

**P30** Mandatory provisions should be strategically justified and should not be applied where the issues they seek to address are adequately dealt with by existing planning provisions.

**(x) Clauses 54 and 55**

**P31** Variations to the Clauses 54 and 55 in the zone schedules should be justified and should not be applied if the existing provisions of Clauses 54 and 55 are adequate.

# 1 Background

The process for introducing the new residential zones and appointing the Residential Zones Standing Advisory Committee has evolved from two previous Ministerial Advisory Committees. A background to this process is provided below.

<b>June 2011</b>	<p>The Victorian Planning System Ministerial Advisory Committee, chaired by Mr Geoff Underwood, was appointed by Minister for Planning to examine all aspects of the planning system, including possible zone reform. One of the recommendations arising from this review and supported by the State Government was to:</p> <p><i>31 Give further consideration to the structure of zones, including the possibility of allowing local variations.</i></p>
<b>November 2012</b>	<p>The Reformed Zones Ministerial Advisory Committee, chaired by Mr Geoff Underwood, was appointed by the Minister for Planning to:</p> <ul style="list-style-type: none"> <li>• <i>Provide advice that will inform decisions by the Minister for Planning about the final form of the proposed reformed zones set out in the Reformed Zones for Victoria discussion paper and the manner by which the zones should be introduced.</i></li> <li>• <i>Recommend a set of criteria that will help the Government and local councils to determine the appropriate spatial application of the reformed residential zones.</i></li> </ul>
<b>December 2012</b>	<p>The Reformed Zones Ministerial Advisory Committee provided its reports to the Minister for Planning, including the <i>Residential Zones Progress Report</i>, on 13 December 2012.</p>
<b>March 2013</b>	<p>The State Government agrees to 18 of the 21 recommendations of the Reformed Zones Ministerial Advisory Committee Residential Zones report.</p> <p>The Minister for Planning announced<sup>1</sup> that implementation of the three new residential zones will commence on 1 July 2013 and be completed over a 12 month period.</p>
<b>July 2013</b>	<p>The Residential Growth Zone, General Residential Zone and Neighbourhood Residential Zone were introduced into the Victoria Planning Provisions through Amendment V8. The explanatory report states:</p> <p><i>The amendment is required to introduce residential planning zones that are relevant and reflect the aspirations of all Victorians. The new zones will give greater clarity about the type of development that can be expected in any residential area. The zones simplify requirements, allow a broader range of activities to be considered and better manage growth.</i></p> <p><i>The new residential zones were introduced into the Glen Eira and Dandenong Planning Schemes through a fast track amendment process<sup>2</sup>.</i></p> <p><i>Relevant clauses in Clauses 54 and 55 were changed to reference the three new residential zones and to make Clause 55 applicable to four storey developments through Amendment VC100.</i></p>
<b>August 2013</b>	<p>Amendment VC104, among other changes:</p> <ul style="list-style-type: none"> <li>• Amended the RGZ, GRZ and NRZ to include transitional provisions for an existing application to construct or extend residential development of four or more storeys to be exempt from the requirements of clause 55 gazetted in Amendment VC100.</li> <li>• Amended the NRZ to include transitional provisions so that approved development is not prohibited from being subdivided and that existing applications lodged, but not</li> </ul>

<sup>1</sup> Media release: Reformed residential zones bringing new certainty to Melbourne's neighbourhoods, 5 March 2013.

<sup>2</sup> Under section 20(4) of the *Planning and Environment Act 1987*.

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yet decided, are not subject to the maximum number of dwellings and maximum building height provisions.

- Amended R1Z and R2Z to update the reference to Clause 55 so that developments of up to five storeys are exempt. The previous exemption was for buildings up to four storeys.

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<b>September - October 2013</b>	The new residential zones introduced into the Campaspe, Greater Bendigo and Swan Hill Planning Schemes through a fast track amendment process <sup>2</sup> .
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<b>February 2014</b>	The Residential Zones Standing Advisory Committee appointed by the Minister for Planning on 5 February 2014.
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<b>May 2014</b>	<p><i>Plan Melbourne</i> was introduced into the State Planning Policy Framework through Amendment VC106 by changing Clause 11 and introducing Clause 9, which states:</p> <p><i>Any references in this scheme to Melbourne 2030 (Department of Sustainability and Environment, 2002) and Melbourne 2030: A planning update Melbourne @ 5 million (Department of Planning and Community Development, 2008) are to be disregarded. Where relevant, planning and responsible authorities must consider and apply the strategy Plan Melbourne: Metropolitan Planning Strategy (Department of Transport, Planning and Local Infrastructure, 2014).</i></p>
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<b>July 2014</b>	Original 12 month implementation period deadline.
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## 2 Introduction

New residential zones were introduced to better respond to present-day requirements and to give greater clarity about the type of development that can be expected in residential areas.

The Residential Growth Zone (RGZ), General Residential Zone (GRZ) and the Neighbourhood Residential Zone (NRZ) were introduced into the Victoria Planning Provisions (VPP) by Amendment V8 on 1 July 2013. Where a Council has not finalised an amendment to implement the new residential zones by 1 July 2014, the GRZ will be implemented to replace all land zoned Residential 1, 2 and 3 (R1Z, R2Z and R3Z).

As detailed in Chapter 2.2, a Standing Advisory Committee was appointed by the Minister for Planning to support Councils to review matters related to introducing the new residential zones into their planning schemes.

### 2.1 The three new residential zones

The three new residential zones have two purposes in common to:

- *Implement the State Planning Policy Framework and the Local Planning Policy Framework, including the Municipal Strategic Statement and local planning policies.*
- *Allow educational, recreational, religious, community and a limited range of other non-residential uses to serve local community needs in appropriate locations.*

The zones have the following zone specific purposes:

#### **Residential Growth Zone**

- *Provide housing at increased densities in buildings up to and including four storey buildings.*
- *Encourage a diversity of housing types in locations offering good access to services and transport including activities areas.*
- *Encourage a scale of development that provides a transition between areas of more intensive use and development and areas of restricted housing growth.*

#### **General Residential Zone**

- *Encourage development that respects the neighbourhood character of the area.*
- *Implement neighbourhood character policy and adopted neighbourhood character guidelines.*
- *Provide a diversity of housing types and moderate housing growth in locations offering good access to services and transport.*

### **Neighbourhood Residential Zone**

- *Recognise areas of predominantly single and double storey residential development.*
- *Limit opportunities for increased residential development.*
- *Manage and ensure that development respects the identified neighbourhood character, heritage, environmental or landscape characteristics.*
- *Implement neighbourhood character policy and adopted neighbourhood character guidelines.*

### **Schedules to the residential zones**

The three residential zones provide the ability to introduce schedules. Each schedule includes the ability to vary provisions to suit local circumstances, as shown in Table 3.

## **2.2 The Residential Zones Standing Advisory Committee**

### **Appointment, purpose and terms of reference**

The Residential Zones Standing Advisory Committee (the Committee) was appointed by the Minister for Planning on 5 February 2014.

The purpose of the Committee is to advise the Minister for Planning on the method and application of the proposed new residential zones into a local planning scheme. Councils were offered the opportunity to have their residential zones considered by the Committee and 14 Councils took up the offer.

As specified in the Committee's Terms of Reference, the Committee must have regard to the following matters:

- Practice Note 78 (*Applying the residential zones*, Revised December 2013) (PN78)
- Any relevant provisions in the State Planning Policy Framework (SPPF).
- Any relevant provisions of the applicable Local Planning Policy Framework (LPPF).
- The suitability of the new residential zones for each municipality having regard to *Plan*
- *Melbourne* or regional growth plans (as relevant).
- Relevant documentation prepared by the Department of Transport, Planning and Local Infrastructure (DTPLI) including the Housing Development Data, proposed residential zones housing analysis, or otherwise provided to the Committee.
- All submissions made in regard to Council's proposed residential zones.

The Terms of Reference is provided at Appendix A.



## Committee members and draft amendments

The Committee comprised 19 members who considered draft amendments for 14 planning schemes, as shown in Table 1 below.

**Table 1** Committee members and draft amendments

Committee members	Draft amendments
Con Tsotsoros, Chair	Boroondara C199
Alison Glynn, Deputy Chair	Kingston C140   Mornington Peninsula C179
Cathie McRobert, Deputy Chair	Cardinia C187   Latrobe C84
David Merrett, Deputy Chair	Darebin C144   Moonee Valley C137
Michael Kirsch, Deputy Chair	Greater Shepparton C173   Moorabool C72   Whittlesea C182
Rodger Eade, Deputy Chair	Ararat C33   Ballarat C177
Sue Porter, Deputy Chair	Moreland C153   Southern Grampians C32
Chris Harty, Member	Southern Grampians C32
David Blore, Member	Darebin C144
Esther Kay, Member	Moreland C153
Gaye McKenzie, Member	Whittlesea C182
Geoff Carruthers, Member	Greater Shepparton C173
Helen Martin, Member	Mornington Peninsula C179
John Hartigan, Member	Boroondara C199
Lorina Nervegna, Member	Cardinia C187
Lucinda Peterson, Member	Ararat C33   Ballarat C177
Peter McEwan, Member	Boroondara C199   Kingston C140
Peter Newman, Member	Moorabool C72
Warwick Horsfall, Member	Latrobe C84

The Residential Zones Standing Advisory Committee thanks the many officers at Councils and the Department of Transport Planning and Local Government who worked tirelessly to support the Advisory Committee process within a tight timeframe. A special thank you to Jessica Cutting and James D'Arcy of Planning Panels Victoria who supported the Committee throughout the process.

## 2.3 Notification, Submissions and Hearings

### Notification

The Committee's Terms of Reference specified that each Council had to carry out a notification period of 20 business days, commencing no later than 20 March 2014. Notification had to include:

- A notice in The Age and Herald Sun.

- A minimum of two notices in a local newspaper generally circulating in the area.
- Notices in the Municipal Office(s) and Libraries.
- Direct notice to Government agencies and servicing authorities.
- Direct notice to known community groups.

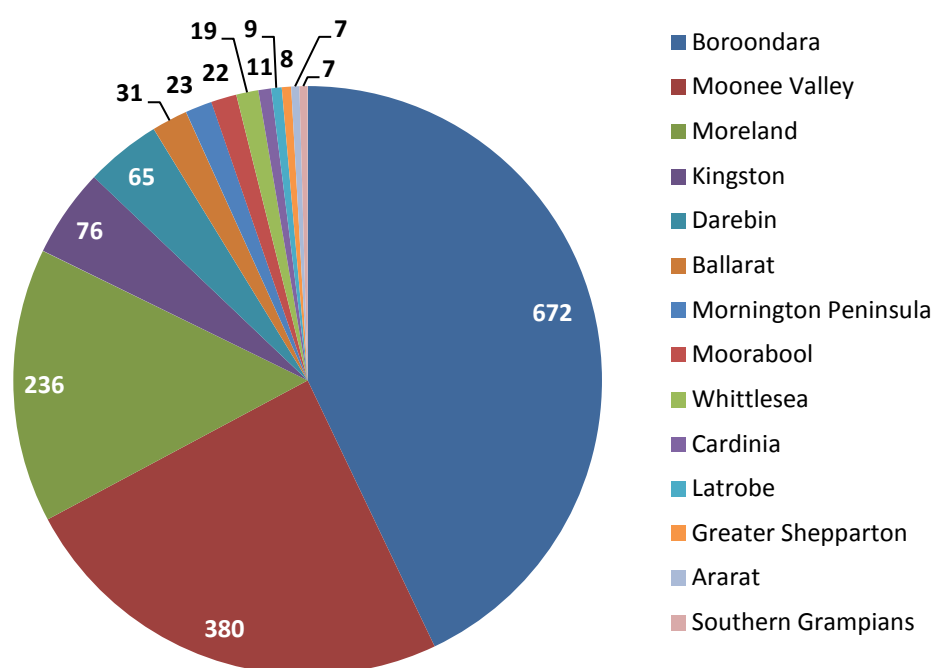
### Submissions and Hearings

The Committee's Terms of Reference required it to provide the following parties with an opportunity to make a submission and be heard at a Hearing:

- The relevant Council.
- Any relevant Government agency or servicing authority.
- Any party that made a formal submission.

A total of 1,566 submissions were received as a result of the notification period as shown in Figure 1 below.

**Figure 1**      **Number of submissions received**



The Committee considered 14 separate draft amendments. Table 2 shows the hearing dates and committee members for each of the draft amendments.

**Table 2 Submission dates and Hearings**

Draft amendments	Hearings (2014)	Recommendation
Ararat C33	On the papers*	Proceed with changes
Ballarat C177	14 and 15 May	Proceed with changes
Boroondara C199	5, 6, 7, 8, 9, 12, 19, 20, 22 and 23 May	Not proceed
Cardinia C187	7 and 8 May	Proceed with changes
Darebin C144	7, 8 and 9 May	Proceed with changes
Greater Shepparton C173	15 May	Proceed with changes
Kingston C140	12, 13, 14 and 15 May	Not proceed
Latrobe C84	2 May	Proceed with changes
Moonee Valley C137	28, 29 and 30 April and 1, 2, 5 and 6 May	Not proceed
Moorabool C72	6, 7 and 8 May	Proceed with changes
Moreland C153	5, 6, 7, 8 and 9 May	Not proceed
Mornington Peninsula C179	5 and 6 May	Proceed with changes
Southern Grampians C32	On the papers*	Proceed with changes
Whittlesea C182	28 April and 2 May	Proceed without changes

\* There was no request to be heard at a Hearing. No Hearing was held. The report was prepared 'on the papers'.

Specific and more detailed recommendations are provided in the Stage One draft amendment reports.

The Committee thanks all parties for the information that they provided and for taking the time to present at a Hearing.

## 2.4 Draft amendments

The Committee was appointed to hear draft amendments. It is important to note there is a distinction between an amendment and a draft amendment. This distinction is important because there are certain obligations that an amendment should meet under the *Planning and Environment Act 1987*. The Committee was asked to respond to **draft** amendments therefore its advice and recommendations are to help direct the preparation of a future amendment. In developing its recommendations, the Committee has not given consideration to whether recommended changes might constitute a transformation of the draft Amendment.

## 2.5 Purpose of this report

The purpose of this report is to respond to overall issues related to the 14 draft amendments and to establish the common principles the Committee has used in assessing the draft amendments. Matters specific to each draft amendment are discussed in the individual Stage One draft amendment reports.

This report deals with the issues under the following headings:

- Overarching strategic planning and policy context.
- Applying the criteria and principles of Practice Note 78.
- Applying the three residential zones.
- Residential zones provisions.
- Potential anomalies.

### **3 Overarching strategic planning and policy context**

The way the new residential zones are used will have a key role in achieving strategies to meet the demands of significant population growth in Victoria and changing housing needs, while retaining what the community value about its residential areas. This chapter addresses the overarching strategic planning and policy context, and the associated issues that have been raised relating to the draft amendments. It briefly reviews the State and regional policy context relevant to the draft amendments. Local planning policy and strategic planning work underpinning the individual draft amendments, together with area specific planning scheme provisions, are addressed in the Stage One draft amendment reports.

#### **3.1 The issues**

While submissions to the Committee often focused on the implications of the zoning proposed for particular properties, many submissions raised overarching concerns relating to the cumulative effect of the draft amendments on achieving broader planning policy for Victoria.

There was a strong focus in these submissions on the extent of application of the NRZ due to the mandatory restrictions on development it establishes. Submissions reflected the competing views and interests amongst Victoria's community. Submissions from many residents supported or sought further restrictions on medium and higher density housing, and limits on the scale and form of development. In contrast, submissions from planning and related professionals, social housing providers and the development sector expressed strong concern about the implications that these restrictions may have on the supply, diversity and affordability of housing for meeting future needs (as well as the consequential implications for Victoria's economy). The strongest concerns related to the extensive areas identified as NRZ where medium density housing would be prohibited or severely constrained through mandatory height and density provisions.

The overarching issues which are addressed in this chapter, and in some cases are discussed further in subsequent chapters, include:

- Will the draft amendments deliver the capacity to accommodate the projected growth in the number of households in Melbourne and Victoria?
- Are the draft amendments based on sufficiently rigorous analysis of their implications for achieving current strategic planning objectives and meeting future housing needs? In particular, what should be the approach to applying the zones where justification for changes to the 'status quo' has not been established?
- Will the implementation of the new zones through the draft amendments deliver a clearer, simpler, more certain planning framework that justifies a loss in development yield?
- Will the implementation of the new zones as proposed in the draft amendments result in population densities that will not sustain public transport and other services, investment in infrastructure and local job creation?

- Will the draft amendments allow the provision of affordable, diverse forms of housing and social housing that meet changing needs and preferences?
- Are areas of identified character sufficiently 'special' to warrant the mandatory height and dwelling density limits of the NRZ?
- Has the right balance been struck between mandatory requirements intended to protect amenity and character and the flexibility to employ innovative designs and respond to specific context or site conditions?

## **3.2 Overarching planning policy context**

### **(i) State Planning Policy**

State planning policy has consistently addressed policy themes to accommodate projected growth; urban consolidation to optimise the use of infrastructure and access to services; meeting the needs of the increasing number and proportion of smaller households; and protecting neighbourhood character, heritage and environmental assets. These policies are encapsulated in the SPPF objectives and strategies that:

#### **Clause 11 (Settlement)**

- Maximise the growth potential of Victoria by developing a 'state of cities' with rebalancing population growth from Melbourne to rural and regional Victoria.
- Plan to accommodate, on a municipal basis rather than a town-by-town basis, projected population growth over at least a 15 year period having regard to:
  - Opportunities for the consolidation, redevelopment and intensification of existing urban areas.
  - Neighbourhood character and landscape considerations.
  - The limits of land capability and natural hazards and environmental quality.
  - Service limitations and the costs of providing infrastructure.
- Manage Melbourne's hinterland to provide for development in selected discrete settlements to prevent dispersed development and maintain and enhance the attractiveness, identity, character and amenity of towns.
- Facilitate the orderly development of urban growth close to transport corridors and services to support efficient provision of effective infrastructure.
- Encourage a diversity of housing types and concentrate higher density developments in and around activity centres, employment corridors, strategic redevelopment sites railway stations, major bus terminals, transport interchanges, tramways and principal bus routes.
- Increase the proportion of housing to be developed within Melbourne's established urban area, particularly in and around activity centres, employment corridors and at other strategic redevelopment sites and reduce the share of and pressure for new dwellings in greenfield and dispersed development areas.

### **Clause 13 (Environmental Risks)**

- Manage risk from natural hazards such as bushfire and flooding to avoid and minimise impacts on life, property and community infrastructure.

### **Clause 15 (Built Environment and Heritage)**

- Achieve architectural and urban design outcomes that contribute positively to local urban character and enhance the public realm while minimising detrimental impact on neighbouring properties.
- Support development that responds to its landscape, valued built form and cultural context, and protects places with significant heritage, architectural, aesthetic, and cultural value. A comprehensive site analysis is identified as the starting point of the design process and the basis for consideration of height, scale and massing of new development.

### **Clause 16 (Housing)**

- Identify opportunities for increased residential densities to help consolidate urban areas and ensure an adequate supply of redevelopment opportunities within the established urban area to reduce the pressure for fringe development. This includes identifying strategic redevelopment sites that are in or close to activity centres, employment corridors and major modal public transport interchanges, or abut Principal Public Transport Network (PPTN) routes.
- Promote a housing market that meets increasingly diverse community needs. This includes facilitating:
  - An increased supply of housing in existing urban areas with appropriate quantity, quality and type of housing, including the provision of high quality social housing and aged care facilities.
  - More affordable housing closer to jobs, transport and services.

In July 2013, the Minister for Planning appointed an advisory committee *‘to report on the review of the State Planning Policy Framework (SPPF) to align with the review of a number of state policy matters’*<sup>3</sup>. The Committee has not considered the draft Planning Policy Framework, which was subject to public consultation at the time of the Committee hearings.

### **(ii) Plan Melbourne**

Since the Committee hearings, Amendment VC106 introduced *Plan Melbourne* into the SPPF. *Plan Melbourne* expresses current Government policy and sets out the Government's vision for the City to 2050:

*Melbourne will be a global city of opportunity and choice*

Part of the delivery of this vision is by *‘creating a clearer and simpler planning system with improved decision making’*.

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<sup>3</sup> SPPF Review Advisory Committee Terms of Reference, July 2013.

*Plan Melbourne* identifies ‘protecting the suburbs’, ‘developing in defined areas near services and infrastructure’ and ‘creating a clearer and simpler planning system with improved decision making’ as central to achieving this vision. It directs the way the city grows over the short, medium and long term, and states:

*We must clarify where future development will occur, while simultaneously acting to protect the majority of our existing suburban areas from inappropriate development.*

Policy to consolidate Melbourne’s urban areas is maintained and there is greater focus on growth beyond the metropolitan area. *Plan Melbourne* states:

*In the future, Melbourne will need to become a more consolidated and contained metropolis, by establishing a permanent metropolitan urban boundary and facilitating more development in established areas. A permanent boundary will also help stimulate higher growth in periurban towns and in regional Victoria.*

*Plan Melbourne* directions of particular relevance to the draft amendments include:

#### **Direction 1.6 - Enable an investment pipeline of transit oriented development and urban renewal**

*Plan Melbourne* advocates transit-oriented development as a key way to achieve employment and population growth, as well as achieve a broad range of economic, social and environmental benefits from co-locating employment, population and public transport. To achieve this, Initiative 1.6.1 identifies a number of short to medium term urban renewal precincts and sites around the existing rail network, based on transit-oriented development principles.

The draft amendments impact some ‘urban renewal precincts’ and ‘Potential Urban Renewal Opportunities/Investigation Area’ identified in *Plan Melbourne*. Notably these include areas around the Jewel train station and the Brunswick to Batman Station Corridor in Moreland and around the Highett train station in Kingston.

The Committee has adopted the approach that there is a strategic policy predisposition in favour of the RGZ (or a mixed use or non-residential zone) in nominated or potential urban renewal precincts and has required specific justification where an alternative zone is proposed. In some instances the GRZ is supported on the basis that it is an interim measure pending specific investigations of the appropriate planning framework for the precinct or site.

#### **Direction 2.1 - Understand and Plan for Expected Housing Needs**

*Plan Melbourne* recognises that Melbourne’s recent population growth has been profound and recent updates to population projections anticipate larger populations in 2050 than was anticipated when the draft amendments were prepared and submissions were made to the Committee.

Accommodating growth will focus on the continued development of Melbourne’s growth areas and targeted medium and high density development in defined residential change areas. Defined residential change areas include the Central Subregion, urban-renewal



precincts (existing and to be identified), areas identified by local governments for applying the RGZ, designated national employment clusters (existing and emerging), activity centres (existing and future), near railway stations and greenfield locations in growth areas.

*Plan Melbourne* recognises that the demand for new housing will be influenced by an ageing population and the preference to downsize and age in place. It adds that *‘the mismatch between Melburnians’ needs and preferences’* and *‘what they settle for’* will need to be addressed.

The projected housing requirements to 2051 (a net increase of 1,570,000 dwellings) will be distributed on the following basis:

- 610,000 (39 percent) of dwellings in growth areas. In greenfield growth areas, development will continue to be on the basis of precinct structure plans, with the intent, over time, to increase residential densities and the mix of dwellings. Initiative 2.1.4 *‘Develop more diverse housing in growth areas’* makes it clear that planning for growth areas is to provide for housing diversity that extends to higher density housing and the use of the RGZ is encouraged in appropriate locations to allow for residential change and redevelopment over time.
- 960,000 (61 percent) of dwellings in established areas, of which slightly more than two thirds would be outside the ‘central city and surrounds’. In established areas, high levels of residential growth will be supported and facilitated in urban-renewal locations, the central subregion, activity centres, areas in proximity to employment clusters and high-frequency public transport and high-change residential areas identified in local planning schemes.

*Plan Melbourne* emphasises that the implementation of the new residential zones should be underpinned by a robust rationale. It states:

*The reformed residential zones provide vastly improved planning tools to enable local governments to direct residential change to specific areas and constrain change in other areas. With this significantly increased power is an equal responsibility that the decisions by local governments about how land is zoned are based on a robust rationale that:*

- *accounts for the directions of Practice Note 78 which instruct local governments to apply the zones to protect areas of well-defined character while also providing ongoing housing opportunity*
- *ensures defined housing change areas and known major redevelopment sites are zoned to support long-term housing growth, choice and diversity*
- *is consistent with a current local housing strategy or equivalent established residential development policy*
- *assists to create a spectrum of minimal, incremental and high-change residential areas that balance the need to protect residential areas with the need to ensure choice and growth in housing markets locally, regionally and across the metropolitan area.*

Short term actions include:

- Annual reporting to the Minister for Planning on the amount of zoned land for new housing; the status of local housing strategies; and the overall performance of residential land and housing markets in Melbourne's subregions.
- Reviewing and refreshing the visions and spatial directions of local housing strategies taking into account *Plan Melbourne* objectives; changed economic and demographic circumstances; new transport opportunities; and current population projections. Local Housing strategies will be expected to make adequate provision for future housing needs, deliver the 20-minute neighbourhood, protect valued character, and support regional infrastructure and planning frameworks.
- Preparing and implementing a new 'Good Planning Guide'; improving Clauses 54, 55 and 56 of the VPP to streamline the planning system and provide guidance for multi-unit development; and the application of the reformed residential zones to protect its suburbs.
- Publishing a metropolitan housing map that depicts the scale of residential change supported in planning schemes across metropolitan Melbourne (after the conversion to the reformed residential zones); and annual housing development data and analysis to inform local and sub-regional housing planning.

**Direction 2.2 - Reduce the cost of living by increasing housing supply near services and public transport.**

*Plan Melbourne* aims to deliver housing close to jobs and transport by:

- Unlocking the capacity of urban renewal precincts for higher density, mixed-use development.
- Working towards providing the majority of new housing in established suburbs within walking distance of train, tram and SmartBus routes.
- Applying the most appropriate zones to defined residential change areas where greater diversity of housing would be facilitated, including family friendly housing, affordable and social housing, and housing for key workers.

**Direction 2.3 - Facilitate the supply of social housing**

*Plan Melbourne* identifies a number of measures to improve social housing availability. These include:

- Making the Minister for Planning the responsible authority for selected social housing planning permit applications.
- Determining the costs, benefits and opportunities of including social housing in identified urban-renewal precincts, before beginning structure planning or rezoning land.

**Direction 2.4 - Facilitate the supply of affordable housing**

In addition to managing the supply of housing (addressed in Direction 2.2), *Plan Melbourne* proposes to create a codified approval process for development in defined residential change areas, introduce a definition of affordable housing in planning schemes and increase

the understanding of the need for various housing types and house price points in each suburb.

#### **Direction 4.2 - Protect Melbourne and its suburbs from inappropriate development**

This direction focuses on protecting neighbourhoods by delivering higher density housing only in defined locations through short term actions that include:

- *Deliver the Neighbourhood Residential Zone across at least 50 per cent of Melbourne's residential-zoned land*
- *Ensure municipal housing strategies address the need to protect neighbourhoods.*
- *Focus on encouraging mixed-use developments and greater housing density near jobs and transport will help achieve a greater level of choice for medium and low-income households in terms of locating nearer to employment opportunities.*

#### **Directions 6.2 - Rebalance Victoria's population growth from Melbourne to rural and regional Victoria over the life of the strategy**

Like the SPPF, *Plan Melbourne* proposes a networked 'state of cities' and a greater share of Victoria's growth being directed to regional cities. The initiatives include reviewing regional city growth opportunities, with the following short term actions reaffirming the relevance of urban consolidation policy to regional settlements:

*Support increased business and residential densities as well as social, civic and cultural facilities in regional city CBDs to strengthen them economically and socially.*

*Work with the Department of State Development, Business and Innovation to identify a pipeline of renewal and infill opportunities in regional cities and centres that optimise infrastructure investment and the use of surplus government land.*

#### **Initiative 6.2.1 Better manage Melbourne's peri-urban regions, including designating towns for growth**

Future growth in peri-urban regions is to be managed to optimise their potential to take pressure off Melbourne by accommodating additional housing and employment, while protecting productive land, strategic economic resources and biodiversity assets. It is noted that peri-urban and regional areas offer the opportunity for an attractive country lifestyle, however, development '*should not be an imitation of Melbourne's growth areas, but should offer a less-crowded, lower-density housing product, with larger housing lots that will particularly cater for families*'.

#### **(iii) Localised Planning Statements**

Localised Planning Statements will be developed to ensure the Mornington Peninsula, the Yarra Valley, Macedon Ranges and the Bellarine Peninsula<sup>4</sup> are preserved and enhanced for

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<sup>4</sup> These areas, with the exception of the Bellarine Peninsula, were previously covered by Statements of Planning Policy under the former *Planning Act 1961*.

use by present and future generations as unique local areas<sup>5</sup>. *Plan Melbourne* includes a short term action to work with local governments to finalise the statements.

*Plan Melbourne* Initiative 6.4.1 seeks to protect and enhance valued attributes of identified distinctive areas and highlights the role of the four designated areas in tourism, agribusiness and lifestyle, as well as their links to Melbourne. It continues:

*Because of their attractiveness, accessibility and proximity to metropolitan Melbourne, these areas are increasingly coming under pressure for growth and change. This could potentially undermine the long-term natural or non-urban uses of land in these areas and needs to be carefully managed. Planning for these areas needs to identify the key values and activities important to these areas and ensure that they are preserved and enhanced for ongoing use by present and future generations.*

It is apparent in *Plan Melbourne* that the focus of the new statements will be similar to the old Statements of Planning Policy, which sought to preserve the environmental, landscape and recreation values of the identified areas (and, in the case of Western Port, its potential for future port development), with additional emphasis on food production. It therefore seems reasonable to assume, in relation to residential zone conversions, that the areas identified for Localised Planning Statements are not seen as having a major role in accommodating new population growth or residential redevelopment. An exception may be the town of Gisborne in Macedon Ranges Shire, which is identified in *Plan Melbourne* as a peri-urban town with growth potential.

#### **(iv) Regional Growth Plans**

Regional Growth Plans (RGPs) have been developed for Victoria's eight non-metropolitan regions. *Plan Melbourne* describes them as follows:

*The plans are comprehensive, long-term land-use and transport plans to accelerate and manage regional population growth in key regional centres including Geelong, Ballarat, Bendigo and the Latrobe Valley. The plans identify the competitive advantages of Victoria's regions and regional cities and include broad transport directions and planning arrangements to encourage investment and development.*

The RGPs provide a 20-30 year land-use strategy that sets out how each region can accommodate a greater share of the State's growth, and identify land use and infrastructure initiatives to accelerate growth, including:

- *working to provide settlement options in a broad range of peri-urban and regional towns, to attract population growth away from Melbourne, and ensure that this growth is in an appropriate form that is different from Melbourne's growth areas...*
- *auditing land in regional cities and centres to identify land suitable for urban renewal and strategic redevelopment (including surplus government land) and barriers to redevelopment*

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<sup>5</sup> Page 17 *Plan Melbourne*.

- *providing support to strategic planning initiatives such as Vision 2 in Geelong and precinct structure planning in other locations*<sup>6</sup>.

The RGP's contain framework plans for major centres. Those for the designated regional cities - Ballarat, Bendigo, Geelong, Horsham, Latrobe City, Mildura, Shepparton, Wangaratta, Warrnambool and Wodonga - are reproduced in *Plan Melbourne*.

The major implications of the RGP's for allocation of the new suite of residential zones will be found in the framework plans for the regional cities and the next level in the towns/centres hierarchy for each region. These indicate areas where growth and change are expected, including designation of some strategic redevelopment sites in regional cities, such as the former railway land in central Wodonga.

Regional Growth Plans of relevance to specific draft amendments are addressed in the individual Stage One draft amendment reports.

### 3.3 Practice Notes and Advisory Notes

**Practice Note 78: *Applying the Residential Zones*** (December 2013) guides the implementation of the residential zones. The Committee's Terms of Reference require it to take this into account in assessing the draft amendments. The principles and application of this practice note are discussed in Chapter 4.6.

**Advisory Note 50: *Reformed residential zones*** (July 2013) was issued when the new zones were introduced into the VPP through Amendment V8.

**Practice Note 28: *Using the neighbourhood character provisions in planning*** (July 2004) (PN28) provides guidance to planning authorities about how to plan for neighbourhood character and how to apply neighbourhood character provisions when preparing amendments to planning schemes. It discusses matters such as the importance of achieving housing policy objectives as well as protecting character; 'What is neighbourhood character'; 'What does respect mean?'; neighbourhood character studies and strategic justification including housing strategies; and appropriate use of planning scheme mechanisms. These issues and much of PN28 discussion remain directly relevant to the current task of implementing the new zones, but require updating to reflect current policy and mechanisms.

**Practice Note 10: *Writing Schedules*** (May 2000) provides the following principles to guide the drafting and use of local content in schedules, irrespective of the task that the schedule is to perform:

- Schedules must be read with other planning provisions.
- Local content should help to implement SPPF objectives.
- Local content should help to implement Local Planning Policy Framework objectives.
- Local content should not duplicate other provisions.
- Local content can only do what its 'parent provision' enables it to do.
- Local content should be strategically justified.
- Local content should have a legally certain meaning.
- Local content should be easy to read.

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<sup>6</sup> Page 156 *Plan Melbourne*.

**Practice Note 59: *The role of mandatory provisions in planning schemes*** (September 2010) (PN59) identifies circumstances when the use of mandatory provisions, such as maximum heights and setbacks, are appropriate. It indicates that discretionary provisions should normally apply and significant justification is required to apply mandatory provisions (See discussion in Chapter 5).

### **3.4 Discussion of policy themes**

Planning almost always involves balancing competing policy objectives. The implementation of the new residential zones is no exception. Submissions illustrate the tensions between policies to *‘protect the majority of our existing suburban areas from inappropriate development’*<sup>7</sup> while providing for future growth and housing needs. Some submissions challenged whether the analysis underpinning the draft amendments provides sufficient confidence that they can accommodate the projected local and regional growth requirements or satisfy policy to meet changing housing needs and preferences.

#### **(i) Consolidation, access to services and supporting investment in infrastructure**

Submissions highlighted that housing density determines the level of infrastructure, services and jobs that can be sustained.

Concern was expressed by submitters that:

- The new zones as applied through the draft amendments may significantly impact on future service delivery. This was due to reduced development yields and, in particular, mandatory dwelling density provisions in extensive areas where the NRZ is proposed. For example, a joint submission from planning and associated professionals commented that even adding one additional dwelling to a lot in the form of a dual occupancy or duplex may become prohibited in the NRZ.
- A reduction in opportunities for new medium density housing, particularly in established areas that are rich in jobs and services, will undermine the viability of existing services and the case for improved services and infrastructure in those areas. It will incur major costs associated in directing more growth to fringe areas, with less comprehensive service outcomes for residents.
- A sudden *‘turning off of the land supply tap’* will result in a less economically productive city and an immediate contraction in investment and employment.

Both Public Transport Victoria (PTV) and VicTrack emphasised the importance of creating conditions that support increased use and viability of public transport, with PTV highlighting the impact of the forecast number of passenger trips in determining the level of public transport service to be provided. These agencies both advocated concentrating growth around existing and planned transport infrastructure. They questioned the application of the NRZ in public transport walkable catchments, which PTV identified as 400-800 metres for road based public transport and 1,200 metres for high quality public transport. It was noted that concentrations of population around multi-nodal interchanges commonly coincide with, and can support activity centres. VicTrack sought zoning, such as the RGZ, that will support

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<sup>7</sup> Page 61 Plan Melbourne.

transit-oriented development around transport hubs and train stations in particular. *Plan Melbourne* reaffirms urban consolidation policies, with more of Melbourne's residential growth to be accommodated in established areas near transport, jobs and neighbourhood services.

The Committee has taken into account the policy predisposition in favour of more intensive forms of housing near PPTN stops and activity centres, and it considers strong justification is needed to apply the NRZ in these locations.

## **(ii) Accommodating projected growth and capacity**

The Property Council and various submissions from town planning and development professionals questioned whether the fundamental approach of draft amendments applying restrictive density through the zoning of extensive areas NRZ would meet the State's future housing requirements. The comments of Mr Hofmann at the Kingston hearing summarised one of the key concerns of these submitters, that *'the role of Planning is not just to provide what people "want" but what is sustainable for the city (both Kingston and greater Melbourne) into the future and provides a net community benefit.'*

The Committee is aware that Melbourne and Victoria has experienced significant growth over the last decade and recently released projections have increased the challenge of accommodating the associated demand for more dwellings while protecting and improving the valued attributes of urban areas. Since the Draft *Plan Melbourne* was released in 2013 and the draft amendments were prepared, the projected number of additional dwellings that will be required has increased by 50 percent and the adopted *Plan Melbourne* has increased by 80 percent the proportion of those new dwellings to be directed to established areas outside the Central City and surrounds.

It was submitted that a reduction in the development of apartments; reduced new housing supply opportunities due to the inappropriate application of new zones; and increasing greenfield production costs are expected to create an ongoing structural shortage of new housing to meet growing demand. Submissions<sup>8</sup> highlighted that:

- Small scale (less than ten dwellings) multi-unit developments have made a greater contribution to increasing the supply of housing in established areas than apartments, with this form of housing representing 44 percent of net dwelling additions compared to 30 percent for apartments.
- Apartment and mixed use developments should only be part of the housing mix in established suburbs and will not absorb demand displaced from constrained NRZ areas. Apartment living has gained much wider acceptance in Melbourne but urban renewal development in commercial and mixed use zones should only be a part of the housing mix in established suburbs.
- Few suburbs with less mature apartment markets can transition directly from detached housing to high density apartments and there is a widely held expectation that apartment delivery will slow from current peak levels.

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<sup>8</sup> For example, submissions from the Property Council, joint planning and associated professionals, Dean Ryan Sacco, M Ryan

- Expectations that commercial zones provide sufficient scope to incorporate mixed use developments that meet housing demand demonstrates a fundamental lack of understanding of the need for greater diversity of housing options. It was submitted that these areas will not absorb the continued demand for the small project development type stock, (being townhouse and small dwellings).

The submissions of industry groups presented a broad acceptance that constraints on growth are appropriate in areas of recognised heritage, character, landscape or environmental significance or that are subject to hazards. However, these submissions indicated that research by Urbis, Charter Keck Cramer, Spatial Economics, SGS Economics and Planning, and Essential Economics found that there will be significant impact on the small project development segment of the housing market if the NRZ is inappropriately applied to significant areas, and the RGZ is underprovided. The Property Council submitted:

*A conservative estimate of the impact of the new zones is that there will be at least 2000 - 4,000 fewer medium density dwellings constructed annually across Melbourne. Importantly, the unfulfilled latent demand resulting from reduced supply will not be fully transferred to alternative housing forms or other locations. Whilst some of the unfulfilled demand may divert to new housing in greenfield locations or into apartments, a high proportion would be expected to remain unsatisfied and may limit the expression of new household formation and cause households to remain in situ.*

*The shortage of new medium density dwellings will see downsizers staying put and inefficiently consuming large houses and young people staying at home longer. There will be fewer sites freed up in higher price suburbs to facilitate redevelopment into less expensive medium density housing.*

The Property Council submitted that data to determine how and where future residential growth can meet forecast housing needs was essential to inform the application of residential zones (and other strategies). The Property Council believes it is the responsibility of the State Government to provide councils with this information before introducing the new residential zones. It submitted:

*In the interests of good planning, to say nothing of broader strategic governance and growth management, councils should not only have been provided with this information, but also been required to use it to formulate housing strategies that plan for growth and the provision of housing choice prior to determining the most appropriate application of the new residential zones.*

In some draft amendment hearings there was extensive discussion about whether the proposed implementation of the new residential zones delivers the capacity to meet projected housing needs.

The Committee considers that the reasons for identifying land in a zone should be driven by clear strategic land use planning goals and that accommodating growth requirements is one of the strategic objectives to be met. Importantly, meeting growth requirements is not necessary on a uniform suburb-by-suburb basis as localities are subject to different levels of opportunity and constraints.



The Committee considers that localised capacity analysis should test or check that the strategy is workable, but should not be the only driver to a strategy or in determining zone choice. The Committee has general reservations about 'capacity analysis driven' implementation of zones and targets for achieving a particular percentage of land in a zone for a specific municipality. This is because:

- Analysis at a local level does not provide an understanding of the implications of the local planning framework for housing provision that satisfies needs at a regional and State level.
- Capacity led implementation of zones raises methodological questions, such as yield assumptions, the proportion of land assumed to be redeveloped and the timeframes that should apply. For example, a relatively short term timeframe, say 15 years as applies to land for greenfield development, may result in redevelopment of the 'easier' sites with deficits in later years.
- Assumptions need to recognise the implications of factors such as fragmented land holdings, heritage constraints and the like.

There needs to be a process by which the cumulative provision of the different zone types achieves this initiative. *Plan Melbourne* recognises this current limitation and includes an implementation strategy to establish an understanding of the cumulative effect of the new zones on meeting future housing needs. This will involve preparing and publishing:

- A metropolitan housing map showing the scale of residential change supported in planning schemes across metropolitan Melbourne.
- A new 'Good Planning Guide', which will, amongst other things, provide guidance for multi-unit development and the application of the new residential zones.
- Annual housing development data and analysis on the amount of zoned land for new housing, the status of local housing strategies and the overall performance of residential land and housing markets within each of Melbourne's subregions.

The Committee has considered the draft amendments on a municipality-by-municipality basis without the full understanding of:

- The implications of recent increases in population projections and the associated substantial increase in the quantum of development to be directed to established areas by *Plan Melbourne*, or
- The impacts at a sub-regional or regional level.

This is not ideal, and has limited the Committee's ability to respond to submissions that have raised broader issues about where growth should be directed. These limitations have contributed to the Committee adopting a cautious approach to applying the new zones. This is particularly so in relation to the NRZ given the limitations that it places on housing growth and diversity.

### **(iii) Meeting housing needs – diversity and affordability**

#### **More diverse housing to meet changing needs**

The State and local planning frameworks of all planning schemes to which the draft amendments are proposed, along with *Plan Melbourne*, recognise the need for greater

diversity of housing to take account of demographic trends, particularly the ageing population, and the increased prevalence of small households. *Plan Melbourne* acknowledged, and submissions highlighted, that housing diversity enables communities to stay together by providing housing to meet the needs of people across their life cycle and facilitating ageing in place.

The need to address housing affordability pressures is recognised. For example, *Plan Melbourne* states:

*We will also continue to provide strong levels of land supply for new housing development and for infill opportunities in established areas, to encourage a greater level of price competition for home buyers and to facilitate adequate home construction for the rental market.<sup>9</sup>*

Submissions cited preference surveys by the Grattan Institute that indicate 26 percent of people would prefer medium density housing, whereas the actual stock is only 12 percent and medium density's share of new stock is running at 14 percent.

Submissions from the HIA, the Property Council, planning and development professionals and others:

- Opposed the prohibition of small scale infill development, increased development standards and minimum lot sizes under the NRZ (and increased standards in the other zones).
- Expressed concerns that there will be a large scale 'lock down' of inner and middle suburbs that limits choice and a 'lock out' of future residents if the extensive use of the NRZ adopted in Glen Eira is treated as a precedent.
- Argued that apartments have their own demand but are not a viable substitute for many of those who seek medium density housing.
- Highlighted that the current mismatch between housing demand and supply would be exacerbated by severe constraints on medium density housing in the draft amendments that propose extensive areas of NRZ, particularly in inner and middle suburbs which are rich in services and infrastructure.
- Expressed concerns that constraints on supply, increased competition for sites and reduced yields resulting from extensive areas of NRZ would create upward pressure on house prices and rents.

Submitters, such as Housing Choices Australia referred to Government policy and expressed concern that the housing market will be polarised with expanses of lower density housing on the fringe, concentrated nodes of higher density in urban renewal precincts and around activity centres, and little choice in between.

The Committee shares the concern that applying the NRZ excessively beyond its intended purpose and without sound justification envisaged by PN78 is very likely to compromise the ability to meet the projected growth in households in a way that also addresses choice, affordability and diversity in housing supply. It is important to maintain long term

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<sup>9</sup> Page 65 *Plan Melbourne*.

opportunities, foster affordability and avoid unnecessary constraints on the ability of a healthy housing market to respond to needs for a variety of housing options.

The Committee considers important tests for proposals to implement the new zones are whether:

- The long-standing State and local policies to increase the diversity of housing are supported, particularly in locations across the metropolitan area with good access to services and jobs. This extends to opportunities for multi-unit housing and regional cities and towns.
- Housing provision that enables people to move through lifecycle stages within their local community is facilitated.

### **Impacts on the provision of social housing**

Specific concern was raised in relation to the implications of the NRZ for the provision of social housing. This form of housing cannot rely on high entry prices to off-set development costs and is often located in scattered infill areas, not just in and around activity centres. It often requires flexible accommodation formats to suit people with disabilities, older people and families. The Department of Human Services (DHS) and Housing Choices Australia were concerned about the impact of the NRZ on their capacity to add to their portfolios of affordable housing due to price increases and greater competition for development opportunities. Housing Choices Australia referred to Government policy to increase the role of housing associations and highlighted the constraints in the NRZ on *'harvesting the development value in their existing and future property portfolio'*, which given the low rents low income tenants can pay, is an important strategy. Housing Choices Australia advocated a significant reduction in the extent of the NRZ and exemption for affordable housing within one kilometre of the PPTN from the NRZ limitations on dwelling numbers on a lot, maximum heights and variations to development standards.

DHS highlighted that redevelopment plans for existing multi-unit development throughout the State seek to maintain and increase housing numbers and quality, but cited many examples in their portfolio where the yield, height and standards of the NRZ would either prohibit or substantially constrain these improvements.

The Committee notes that larger scale redevelopments of social (and other) housing may be appropriately addressed through a zone other than the three residential zones currently being implemented. *Plan Melbourne* indicates that in some cases the Minister for Planning will take the role of responsible authority, and Clause 52.42 provides a precedent for a specific planning process to apply to social housing projects. However, the general issues raised by housing providers about housing choice, diversity and affordability extend to the development of social housing with, possibly, more significant constraints on their operations than apply to private sector developers.

#### **(iv) The 'rigour test'**

The preceding discussion has highlighted the potential impact of poorly justified application of the new residential zones for meeting the amount, diversity and cost of housing to meet future housing needs.

PN78, AN50 and *Plan Melbourne* make it clear that the capacity to direct residential change to specific areas and constrain change in other areas to protect neighbourhood character must be underpinned by a robust rationale.

*Plan Melbourne* includes the initiative to ‘*Deliver the Neighbourhood Residential Zone across at least 50 per cent of Melbourne’s residential-zoned land*’, however, applying the zones at a local level should not simply be about meeting arbitrary targets such as a percentage of land in a zone. Ultimately, it is the integrated consideration of the various strategic planning factors that should determine the extent of each of the residential zones. This is supported by Initiative 2.1.1 of *Plan Melbourne* which states ‘*With this significantly increased power is an equal responsibility that the decisions by local governments about how land is zoned are based on a robust rationale*’.

Melbourne’s sub-regions, as defined in *Plan Melbourne*, have different characteristics, such as the proportion of areas established in the nineteenth and early twentieth centuries and access to train stations. It is likely that housing strategies will lead to a higher proportion of one of the residential zones in one area or sub-region than another. Although this variation may be perceived as unfair, it simply reflects the circumstances of areas. The Committee considers the converse applies, that is, it would be unreasonable to apply the same percentage of a particular residential zone across two sub-regions when one sub-region can clearly accommodate more growth than the other sub-region.

It is evident that underlying policy intent of targets, to improve housing choice, increase capacity, protect neighbourhoods and consolidate urban form, can be undermined through manipulation of zones and their schedules. This can lead to lost opportunity and can be used to justify less than optimum outcomes where redevelopment opportunities exist.

The new residential zones are to be implemented by 1 July 2014 and the Committee recognises the demands of the timeframes for the draft amendments. The Committee, however, agrees with submissions that the proposed application of the new zones lacks rigour in some instances and has not been adequately justified in some cases.

While it was anticipated that current housing policy and strategies in some municipalities would present a sound basis for the delineation of zones, some municipalities do not have such policy in place. In other municipalities, relevant strategy is significantly outdated or was not prepared in a way that can easily implement the statutory tools now available in the new zones.

#### **(v) Further Guidance**

The Committee supports the preparation of housing strategies<sup>10</sup> as a way of informing zoning choices. Housing strategies need to address strategic needs of the State and local policy framework to provide choice, affordability and diversity of housing options, as well as protecting areas of identified character.

*Plan Melbourne* recognises the need for good housing strategies to manage change and the need for further work to prepare or update policies.

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<sup>10</sup> In some areas, notably regional areas, this may go by other names, such as settlement strategies.

The Committee notes *Plan Melbourne's* short term actions supporting further work on housing strategies which should provide a stronger basis for future amendments that apply the new zones. This includes working with councils so that housing strategies take into account *Plan Melbourne* objectives, changed economic and demographic circumstances, new transport opportunities and current population projections.

The Good Planning Guide proposed in *Plan Melbourne* will have an important role to update the guidance provided in PN28, including the scope of housing strategies to underpin future amendments.

#### Recommendation

The Committee recommends:

- 1. Refer any matters, where the Residential Standing Advisory Committee has recommended that a draft amendment not proceed, to the Committee after Council has progressed the recommendations outlined in the relevant Stage One draft amendment report.**

## **4 Applying the three residential zones**

### **4.1 The Issues**

A number of submitters questioned how PN78 has been applied to introducing the new zones. A core question for the Committee is how the Practice Note should be applied where there was a lack of clear housing policy or other clear strategic justification to direct a specific zone change, or where Council had applied methodology in its housing strategy that did not directly correlate with the Practice Note.

The Committee has identified a number of common issues arising from applying the new zones in addition to those addressed in PN78. These include:

- Applying the zones in areas with Heritage Overlays (HO).
- Applying the zones in areas affected by single dwelling covenants.
- Applying the zones in broadacre residential subdivision.
- Addressing the built form transition between zones.
- Whether spot rezonings should be avoided.
- Integration of zone provisions between municipalities.

### **4.2 Translation amendments**

A number of the draft amendments, particularly in regional and rural areas, sought policy neutral implementation of the existing planning framework for residential development. In these cases Councils generally acknowledged that further refinements to the application of the zones and the content of schedules might be required.

The Committee has considered whether implementing the new zones actually translates the existing policy, zones, overlays and incorporated documents, but has not generally challenged amendments where the status quo is maintained. In most circumstances the GRZ without local provisions specified in a schedule has been treated as a direct translation of the R1Z. There are examples where explicit local policy, overlays, or incorporated documents (such as structure plans or character and built form guidelines) mean that the RGZ or NRZ are the closest translation. Similarly, variations in schedules may have translated an overlay or incorporated document provision or existing variations to standards in the schedule to the R1Z.

The Committee has used the directions of PN78 to assist in translation exercises or to confirm whether refinements to the existing frameworks that are proposed by Councils warrant application of particular zones or schedules. In such cases, the Committee supports policy neutral translations.

### **4.3 Amendments seeking to implement new local housing policy**

The Committee considers that strategic policy and the attributes of specific areas should underpin the application of residential zones. Housing strategies can provide a cohesive basis for implementing the residential zones, however, other strategic work may also underpin the application of the zones, such as Activity Centre and Precinct Structure Plans

which have been prepared and clearly define the land use and development parameters relating to activity centres.

Where the proposed justification sits outside the planning scheme, such as a strategy that is adopted but has not yet progressed through an amendment process or analysis undertaken specifically to support the draft amendment, the Committee has taken factors such as the level of community consultation, the rigour of the work and its policy implications into account. However, it has generally applied less weight to such documents given that they have not been tested through the planning scheme amendment process. In these situations the Committee has typically supported a transition to the GRZ in anticipation that further amendments will be required once the strategic work is completed.

From the housing and settlement strategies referred to the Committee, some common deficiencies or gaps were identified:

- Some failed to strategically justify the boundaries of where housing should or should not grow.
- 'Well defined' character may result in the use of NRZ, but this 'character' was not always adequately defined.
- The housing needs of a community were not matched with future available housing stock.
- Some appeared to be led by ensuring a specific housing target was met, rather than addressing housing choice and promoting a healthy housing market.
- Some appeared to be led by a desire to drive a specific zoning outcome, rather than forming robust housing policy.
- Some failed to properly capitalise on infrastructure, notably the PPTN and activity centre or employment nodes.

This is a reflection that such strategies were prepared for a range of different purposes, not always directly relevant to emerging issues or for applying the new residential zones.

In some cases:

- A generally sound strategy addressed broad policy intent but did not provide a clear link to the zone application.
- There was acknowledgement of the need to review a housing strategy but a desire to introduce the new residential zones first.
- Councils did not consider a housing strategy was necessary at this stage because structure plans, that had been prepared but not implemented in the Planning Scheme, identified sufficient development potential to accommodate the vast majority of the anticipated housing growth, and they were confident the rest could be provided by development in the remainder of the municipality.

Generally, the Committee found the draft amendments that relied on new or amended housing strategies or additional work that altered the locations where housing growth was to be promoted or restricted, lacked robust justification to apply the zones in the manner sought. This acknowledges the learning process all participants are going through in considering how to manage the responsibilities the new zones bring. The Committee is conscious that future rezoning from either the NRZ or RGZ, after they have been introduced,

may well be difficult due to likely opposition from the community and those with an intention to develop land. This supports a conservative approach to applying the new zones.

To establish a housing strategy that can adequately underpin the full use of the new zones, the Committee considers an integrated approach is required that addresses character in conjunction with housing capability, market choice, affordability and capacity. To create such housing strategies will take time and should relate to broader regional planning.

Where the Committee has not been able to establish that the housing strategy is sufficiently robust or advanced to apply the zones as proposed in the draft amendment, or the strategy does not appear to directly link to the proposed zone application, the Committee has supported a precautionary approach with an initial 'translation' of existing policy, overlay and old zone provisions. In many instances this means a translation from R1Z to GRZ with no additional requirements in a schedule. Therefore the initial introduction of the new zones will often be a translation of existing zones to new zones, rather than significant shifts in housing policy. Some Councils foreshadowed the need for subsequent amendments to introduce more substantial changes. The Committee considers this is consistent with the 'default' replacement of zones as directed by AN50.

#### **4.4 Existing zone provisions**

The Amendments all propose to rezone land from the R1Z and some from R2Z and R3Z. The R1Z has the following purposes:

*To provide for residential development at a range of densities with a variety of dwellings to meet the housing needs of all households.*

*To encourage residential development that respects the neighbourhood character.*

*In appropriate locations, to allow educational, recreational, religious, community and a limited range of other non-residential uses to serve local community needs.*

The R2Z has the additional purpose:

*To encourage residential development that respects the neighbourhood character.*

The R3Z has the additional purpose:

*To limit the maximum height of a dwelling or residential building.*

In the R3Z, a mandatory maximum height of nine metres (except on sloping sites a mandatory height of ten metres) applies; otherwise the provisions are similar to the R1Z. Of the draft amendments being considered by the Committee, only the Kingston Planning Scheme has applied the R3Z.

#### **4.5 Proposed zone provisions**

The zones have different purposes and significantly different provisions to achieve these purposes. The difference in purposes was listed in Chapter 2.1 and is outlined in Table 3.



Most notable is the increased capacity to set mandatory standards. In the NRZ, mandatory provisions are the only means of applying minimum lot size, maximum number of dwellings per lot and maximum height requirements. In the RGZ and GRZ, if a maximum height is specified it becomes a mandatory limit whereas the default height can be varied with a permit.

**(i) Practice Note 78: Applying the Residential Zones (December 2013)**

PN78 states that:

*Applying the residential zones should be underpinned by clearly expressed planning policies in the planning scheme.*

...

*Alternatively, a council may have undertaken relevant strategic planning for their residential areas.*

...

*In deciding which residential zone should apply, the following principles should be considered:*

- *the zone should support and give effect to the SPPF*
- *the zone should broadly support all relevant policy areas in the MSS (for example, economic, housing, environmental and infrastructure policy)*
- *the rationale for applying the zone should be clearly discernible in the LPPF*
- *the zone should be applied in a way that is consistent with its purpose*
- *the zone should give effect to any adopted housing strategy*
- *a balanced approach being utilised, promoting residential growth, moderate residential change and limited residential change to provide outcomes which achieve reasonable housing choice and diversity in a municipality*
- *the requirements of any applicable Minister's Direction must be met.*

**Table 3 Key differences in zone provisions**

<b>Zone</b>	<b>Parent Provision<sup>11</sup></b>	<b>Schedule</b>
<b>Maximum height for a dwelling or residential building</b>		
<b>RGZ</b>	Should not exceed 13.5m	May specify a mandatory height
<b>GRZ</b>	Refers to Clause 54 and 55	May specify a mandatory height
<b>NRZ</b>	Must not exceed 8m	May specify a mandatory height
<b>Minimum subdivision lot size</b>		
<b>RGZ</b>	n/a	n/a
<b>GRZ</b>	n/a	n/a
<b>NRZ</b>	Not specified	May specify minimum lot size
<b>Maximum number of dwellings on a lot</b>		
<b>RGZ</b>	n/a	n/a
<b>GRZ</b>	n/a	n/a
<b>NRZ</b>	Must not exceed two	May specify maximum number of dwellings
<b>Require a permit required for a lot between 300 and 500sqm</b>		
<b>RGZ</b>	n/a	n/a
<b>GRZ</b>	No	May specify if a permit is required
<b>NRZ</b>	No	May specify if a permit is required
<b>Permit to construct or extend one dwelling on a lot</b>		
<b>RGZ</b>	On a lot less than 300sqm	n/a
<b>GRZ</b>	On a lot less than 300sqm	May specify if a permit is required
<b>NRZ</b>	On a lot less than 300sqm	May specify if a permit is required
<b>Permit to construct or extend a front fence within 3m of a street on a lot</b>		
<b>RGZ</b>	Only for two or more dwellings on a lot and if the fence exceeds the height specified in Clause 55.	n/a
<b>GRZ</b>	On a lot less than 300sqm and if the fence exceeds the height in Clause 54 and 55.	May specify if a permit is required on lots between 300sqm and 500sqm
<b>NRZ</b>	On a lot less than 300sqm and if the fence exceeds the height in Clause 54 and 55.	Yes, can detail lot size smaller than 300sqm where permit required
<b>Clause 54 and 55 Standards</b>		
<b>RGZ, GRZ, NRZ</b>	Clause 54 or 55 applies	May specify the requirements of: <ul style="list-style-type: none"> <li>- Standards A3, A5, A6, A10, A11, A17 and A20 of Clause 54 of this scheme</li> <li>- Standards B6, B8, B9, B13, B17, B18, B28 and B32 of Clause 55 of this scheme</li> </ul>

<sup>11</sup> The provision that applies if nothing is specified in the schedule.

**(ii) Advisory Note 50: Reformed Residential Zone Provisions (July 2013)**

AN50 was issued in conjunction with Amendment V8 that introduced the new zones into the VPP. It states that:

*Different approaches to applying the new residential zones are available depending upon the individual circumstances of each council. Councils should undertake a strategic approach to the implementation of the residential suite of zones and consider the opportunities presented by converting existing residential zones to the new residential zones.*

AN50 establishes criteria for applying the residential zones depending on whether or not a Council has existing housing policy. In cases where housing policy is still being developed, or a council has not undertaken current or relevant policy work, the Advisory Note suggests the following approach:

*A council can work to develop relevant policies that will provide the strategic basis for applying the new residential zones. Work can begin concurrently on the amendment to implement the new residential zones. This amendment process would include notification of the amendment and consultation on the provisions of the zones and schedules.*

**(iii) Discussion**

PN78 and the directions of *Plan Melbourne* make it clear that the new zones enable councils to direct residential change to specific areas and constrain change in other areas. As discussed in Chapter 3.4, the Committee's reading of PN78 reiterates its position that, first and foremost, changes in zoning intent should be based on a clear strategic policy justification. This includes a housing policy that directs where housing growth is expected, where incremental change is expected and where identified character warrants specific protection or the management of hazards justify use of the NRZ.

**Directing Housing Growth through the RGZ**

Submissions from DTPLI, PTV and the MPA sought to emphasise the need to accommodate housing choice and to focus housing intensity and growth around employment and activity nodes where there is walkable access to public transport.

Some Councils were concerned that the RGZ, which provides for various commercial uses, may alter the character and amenity of a residential area or undermine activity centre policy by enabling the creep of commercial uses in locations where they are not sought. They therefore relied on schedules to the GRZ that had a higher maximum height than nine metres as a means of denoting an area of growth.

The key elements of the Zone purposes and the PN78 criteria and principles are outlined in Table 4.

**Table 4 RGZ Purpose, role and principles**

<b>Residential Growth Zone</b>	
Zone Purposes:	<p>Provide housing at increased densities in buildings up to and including four storey buildings.</p> <p>Encourage a diversity of housing types in locations offering good access to services and transport including activities areas.</p> <p>Encourage a scale of development that provides a transition between areas of more intensive use and development and areas of restricted housing growth.</p>
What is its role? (PN78)	Enables new housing growth and diversity.
Where will it be used? Likely application (PN78)	In appropriate locations near activity areas, train stations and other areas suitable for increased housing activity.
<b>RGZ Principles</b>	<b>Committee Comments</b>
Locations offering good access to services, transport and other infrastructure	<p>The Committee finds this principle useful and a key driver to its use, when combined with the following two principles.</p> <p>This requires some understanding of the housing market in application of the zone. <i>Plan Melbourne</i> foreshadows use of the RGZ in growth areas to facilitate the evolution of these areas as they mature.</p>
Areas where there is mature market demand for higher density outcomes	The principles refer to 'higher density outcomes' - yet the purpose statement refers to 'up to four storeys' and providing a transition between developments of different intensity, which could imply an alternative zone selection for buildings greater than four storeys.
Areas which provide a transition between areas of more intensive use and development and areas of restricted housing growth	

The Committee considers that uses such as a Shop and Food and Drink Premises in certain residential areas are unlikely to be of concern because the RGZ only allows these uses conditional to:

- being located within 100 metres of a commercial zone or Mixed Use Zone, and
- adjoining, or having access to, a road in a Road Zone.

There may be rare instances where a residential street with a different character and amenity (that surrounds an activity centre) meets these conditions.

The Committee understands the concerns of the Councils, particularly in regional or peri urban areas about the use implications of the RGZ and out-of-centre commercial activity. These concerns are relevant factors in considering whether and where the RGZ should be applied.

However, when comparing the criteria and principles in PN78 for applying the RGZ and GRZ, it is difficult to see how a GRZ can achieve a growth policy as sought by Councils (particularly in metropolitan Melbourne). This is because the GRZ does not anticipate anything more than moderate growth, and the purposes of the GRZ are weighted toward ensuring neighbourhood character drives an outcome. If growth is proposed in these areas, the use

of an alternative to the RGZ (such as GRZ but with mandated height limit over nine metres) will need to be supported by strong neighbourhood character policy and guidelines.

Consequently, if a neighbourhood character policy or guideline has not been updated to align with housing policy that may direct a preferred built form outcome for a GRZ area, then there will be a conflict in policy provisions and the zone purposes used to implement the policy. This will be particularly evident in locations more distant from activity centres where a weighting of character against competing policy to direct housing growth will be less evident.

### Using the GRZ

AN50 directs that the GRZ will be the default zone and PN78 states it will be used “*in most residential areas*”. The Committee agrees this zone most closely aligns with the existing R1Z (and potentially R3Z with amended schedule). Relevant purpose provisions against PN78 directions are tabulated below.

**Table 5 GRZ Purpose, role and principles**

General Residential Zone	
Zone Purposes	<p>Provide a diversity of housing types and moderate housing growth in locations offering good access to services and transport.</p> <p>Encourage development that respects the neighbourhood character of the area.</p> <p>Implement neighbourhood character policy and adopted neighbourhood character guidelines.</p>
What is its role? (PN78)	Respect and preserve urban character while enabling new housing growth and diversity.
Where will it be used? Likely application (PN78)	In most residential areas where moderate growth and diversity of housing is provided, it is consistent with existing neighbourhood character
Principles	Committee Comments
Areas with a diversity of housing stock, diversity of lot sizes and a <b>more varied neighbourhood character</b>	This principle requires an evaluation of what a “more varied” character is, and more varied from what?
Areas where moderate housing growth and housing diversity is encouraged	

The Committee comments that the purposes of the Zone are clear - that decisions about design in this Zone must respect neighbourhood character and implement neighbourhood character policy and guidelines. This strengthens the role of neighbourhood character from that provided for in the existing R1Z and R3Z. The concerns of some submitters that use of the GRZ will lead to increased development beyond what occurs in a R1Z appear unfounded. Some submitters put to the Committee that a reduced area of GRZ (from previous R1Z) would place greater pressure on these areas to accommodate growth or that the ‘moderate’ growth of these areas would need to be escalated to offset the lack of development

opportunities in the NRZ. The Committee notes that it is aware that such arguments are becoming the subject of debate at VCAT hearings.

The Committee observes that there are some mixed messages derived from reading PN78 against *Plan Melbourne* and the zone purpose. The purpose of the zone refers to 'respecting' neighbourhood character, yet PN78 refers to 'respecting and preserving'. As discussed in the review of the NRZ principles, the Committee considers there is a significant difference in the two terms, and that this has a bearing on how the GRZ and NRZ might be applied. The use of the word 'preserve' in PN78 appears to contradict the principle that the zone should be applied 'where more varied character' exists.

Finally, the Committee observes that PN78 states that GRZ is expected to be used '*in most residential areas*' whereas the *Plan Melbourne* initiative to '*Deliver the Neighbourhood Residential Zone across at least 50 per cent of Melbourne's residential-zoned land*'. There appears to be no corresponding statement in the regional growth plans.

### **Restricting Housing Growth through the NRZ**

There is a need to protect areas of identified character and environmental or landscape values. Determining the level of protection warranted for such areas and therefore whether the GRZ or NRZ should apply, was the subject of much debate in submissions to the Committee. The relevant purposes and principles of the NRZ are tabulated below and the Committee has highlighted what it considers are the key points of differentiation.

**Table 6 NRZ Purpose, role and principles**

<b>Neighbourhood Residential Zone</b>	
Zone Purposes	<p>Recognise areas of predominantly single and double storey residential development.</p> <p>Limit opportunities for increased residential development.</p> <p>Manage and ensure that development respects the identified neighbourhood character, heritage, environmental or landscape characteristics.</p> <p>Implement neighbourhood character policy and adopted neighbourhood character guidelines.</p>
What is its role? (PN78)	Restricts housing growth in areas identified for urban preservation.
Where will it be used? Likely application (PN78)	In areas where single dwellings prevail and change is not identified, such as areas of recognised neighbourhood character or environmental or landscape significance.
<b>Principles</b>	<b>Committee Comments</b>
Areas with a neighbourhood character that is sought to be retained	As discussed, all areas have 'a character'. To elevate it to one that is worthy of preservation, as referred to in the practice note, the Committee considers that the justification must be clearly demonstrated. It is assisted if the planning scheme identifies areas worthy of preservation in addition to the community seeking to preserve them. <i>Plan Melbourne</i> refers to such areas as having 'well defined' character. The Committee considers reference should be made to the zone purpose that refers to areas with an 'identified' character in evaluating this criterion.
Areas where more than 80% of lots currently accommodate detached dwellings	<p>The Committee found this criterion problematic. Firstly it leads to a somewhat arbitrary calculation of character and unnecessary assumption that having a well defined character that warrants protection is predicated on the neighbourhood having detached dwellings. An area may include a high proportion of detached dwellings but not have a cohesive character or discernible form worthy of preservation. The Committee considers that having a well defined character, or environmental or landscape significance is not predicated on the proportion of detached houses in an area.</p> <p>This criterion requires a boundary to be drawn so an area is identified for the percentage to be calculated. Many submitters took a street by street view of this, and others took a broader view. Establishing the extent of an area in the first instance was problematic.</p> <p>It may assist interpretation if this principle is clarified to refer to a majority of housing having a consistent form and/or setting. For example, a dominance of detached dwellings with consistent garden placement may be a consistent setting.</p>
Areas with Neighbourhood Character Overlays	The Committee finds this a relevant consideration. However, the role of the NCO under the framework provided by the new zones perhaps needs to be queried. The Committee notes that interactions between, or the integration of, the NCO and the new zone provisions should be addressed when amendments are prepared.
Residential areas with Heritage Overlays	The Committee addresses specific issues with this principle in Chapter 4.7. It may have relevance, but may not be a sole determinant. The statement of significance will be central to the interpretation of this criterion.
Areas of identified environmental or landscape	The Committee finds this a relevant consideration. These characteristics will often be delineated and managed by overlays. It may be appropriate in some

Neighbourhood Residential Zone	
significance (and constraints)	cases for the selection of a residential zone to reinforce the framework provided in the overlay, while in other cases it is reasonable to rely on the overlay.
Areas which may not have good supporting transport infrastructure or other infrastructure, facilities and services and are not likely to be improved in the medium to longer term.	The Committee finds this a relevant consideration, particularly in areas such as towns in regional locations. It may be a factor that reinforces the appropriateness of the NRZ if an area has cohesive character and other planning objectives to manage urban form to make effective use of infrastructure are less relevant. Simply because an area is distant from core services however, does not mean an area by default has an identified character that warrants use of NRZ. The Committee believes that the existence of a service, such as public transport, is a more important factor than the quality or frequency of the service.

### Respecting identified character and landscape values

The Committee considers that defining where to use the NRZ rather than GRZ requires the interrelationship of character and landscape values and other strategic objectives to be carefully assessed.

As PN43 comments:

*It is common for some areas to be described as having 'little or no character', and other areas as having 'lots of character'. These sorts of descriptions confuse neighbourhood character with attractiveness. All areas have a character in the same way that all people have a personality. In some areas the character may be more obvious, more unusual, or more attractive, but no area can be described as having no character.*

*The character of all areas is to be respected (even areas that planners or designers might not think to be attractive). If, for a broader range of considerations, a change in the character of an area is sought, then this must be achieved by setting out a preferred future character statement in the planning scheme.*

*If the change undermines a key feature or characteristic of the neighbourhood without some policy basis, then a strong case can be made that the development does not respect the character of the neighbourhood. If the change is supported by local character objectives in the planning scheme, then the development can be considered to respect preferred character.*

In the NRZ purposes, character is to be 'respected'; however, PN43 suggests it will be 'preserved'. *Plan Melbourne* refers to protecting 'areas of well-defined character'.<sup>12</sup> This perhaps is indicative of a greater level of restriction in the provisions of this zone, than suggested by the zone purpose to 'respect' the identified character.

The Committee considers there needs to be a distinction between an area simply being described in a character study, as opposed to one that warrants protection through identification as having some level of significance.

<sup>12</sup> Page 67 *Plan Melbourne*



Respecting character is defined in PN43 as:

*It does not mean preventing change. The neighbourhood character standard is not intended to result in the replication of existing building stock or stop change.*

The Australian Macquarie Dictionary suggests that to 'preserve' is to retain in particular quality or condition. Therefore the condition or quality needs to be identified and considered worthy of preservation over other goals of the planning scheme.

PN78 offers direction as to what may elevate an area of 'respecting' character to one where it warrants 'preservation' through the principles. The Committee found these somewhat helpful, but read alone, the principles have limitations. The Committee reinforces the comments of PN78 that the principles cannot be read in isolation and are only a tool to assist in directing use of the zones.

The difference in purpose statement and principles between GRZ and NRZ may seem small. However, the variance in language is important in deriving where the zones should apply. As was put to the Committee by many submitters, the mandatory provisions of the NRZ mean that this Zone is significantly more restrictive and limiting than the GRZ or RGZ. As such, the implications of using the Zone are significant.

To introduce mandatory provisions such as contained in the NRZ, there needs to be confidence that the 'closed' form of the Zone (i.e. one that does not allow for discretion to move away from mandatory density or heights) is appropriate. It should not lead to multiple site specific amendments to accommodate good proposals and the boundaries to which the mandatory provisions are to apply need to be clear and justified. This is consistent with PN59.

Identifying areas suitable for the NRZ therefore requires a balanced consideration of the integrity of the area; an area that warrants preservation over and beyond the other strategic imperatives to provide housing choice, affordability and the use of infrastructure. Having neighbourhood character policy and guidelines that not just describe character but identify the areas that warrant preservation, when balanced against other strategic directions, will be important.

The Committee has been able to identify and support the role of the NRZ when it is applied to specific areas where there is a clear understanding that there are limited opportunities to increase residential development due to a specific neighbourhood or landscape character and heritage values that is documented and defined.

A number of Councils sought to apply the Zone across broad areas and to include schedules to address the implications of the mandatory requirements of the Zone. This was particularly so where there is a wider range of lot sizes and character responses that are sought to be accommodated in the Zone. In these instances the Committee has had difficulty in linking the application of this Zone to the guidance in PN78 or AN50. The specific issues associated with applying mandatory provisions in the zones are addressed in Chapter 5 of this report and in individual Stage One draft amendment reports.

### **Responding to valued attributes, constraints and hazards**

There is clear State and local policy to protect valued attributes such as heritage, landscape, and ecological assets and to protect life, property and community infrastructure from impacts from environmental hazards.

Where the significance of these attributes is recognised in a planning scheme, notably through existing overlays but also in explicit local strategies, policies and incorporated documents, the Committee has accorded significant weight to ensuring the zones and schedules align with the existing planning framework. The Committee has not revisited the strategic justification where the draft amendment translates existing planning scheme provisions. However, this does not mean that the NRZ is automatically warranted where an overlay applies.

The Committee notes that, although not specifically addressed in PN78, it may be appropriate to restrict residential development in existing residential zones close to uses with significant off-site impacts and posing risks to safety or could be relevant near hazardous industries.

In certain circumstances, where the BMO applies, there may be a policy predisposition against increasing the density of development thereby supporting the use of the NRZ. Management measures (including infrastructure upgrades and development standards) may effectively manage the more predictable risks associated with flooding hazards. Similarly, built form provisions in an overlay are likely to be sufficient to manage development in areas subject to a defined flight path of an airport. Unless development is subject to a level of amenity impact that is unsuitable for residential development, this attribute may not justify the application of the NRZ.

## **4.6 General use of the Practice Note Principles and Criteria**

The Committee reiterates that PN78 principles and criteria contained in Tables 2 and 3 need to be read together with reference to the existing policy framework and the Zone purposes.

Many submissions sought to provide a rationale for the proposed zones by ‘ticking off’ the relevant principles and criteria. The Committee was not in a position to undertake site-by-site analyses of areas to which zones are to be applied. Nor does the Committee consider the correct use of PN78 is to determine zoning to broad areas based on ‘ticking off the criteria’ or applying one specific principle contained in Table 2. The Committee considers it would be inappropriate to use the criteria in this way. PN78 appears to acknowledge this by commenting at the top of Table 2 that *‘Principles can be deduced from the purposes of the zones (and should be considered together)’*. This is a vital consideration because there should always be a reference back to the Zone purpose to clarify the application of the criteria.

The Committee considers that the principles are useful for addressing whether a particular site should be included or excluded from a particular zone, where the strategic rationale and principles for the general precinct are clear and already in place. For example, this could occur where the general application of the GRZ has already been deduced from strategic work, but the boundary between this zone and an area of RGZ is debated. In this instance, the criteria can be useful. While the Committee had some difficulty in interpreting specific

elements of the principles and that at times the language deviates from the purposes of the zone, the Committee found the broad principles to be useful, particularly when aligned to the diagrammatic table on page 3 and the zone purposes themselves.

Review of PN78 has clarified to the Committee that:

- The GRZ, while similar to the R1Z, has an added emphasis on respecting neighbourhood character and implementing neighbourhood character policy. The concerns of some submitters that being placed in this Zone, rather than in a NRZ, would lead to a significant change in the character of an area are unfounded.
- The RGZ (or a zone other than the three being considered by the Committee) is the primary zone to designate areas suitable for significant housing change that are not constrained by a neighbourhood character policy.
- The NRZ has a specific use to address identified neighbourhood character or environmental or landscape significance and constraints.

In clarifying these principles, the Committee notes that housing strategies and local policies that use labels such as 'minimal change' 'moderate change', 'incremental change' or 'substantial change' were generally prepared before the specific provisions of the new zones were known. These terms may mean different things in different housing strategies and may have led to different approaches to applying the zones. The Committee has not been in a position to revisit these strategies and the use of these terms from 'first principles', but has sought clarification of what they mean and how they have been used in applying the zones where appropriate.

The Committee considers that with the introduction of the new zones and the stronger emphasis on character as a definer of zone choice, there needs to be a review of the two practice notes that relate to neighbourhood character, with these potentially merged or combined with PN78. Alternatively, the three practice notes could be replaced by the Good Planning Guide proposed in *Plan Melbourne*.

The Committee recommends:

2. **Update and merge into a consolidated practice note, PN43: *Understanding Neighbourhood Character* (2001) and PN28: *Using the Neighbourhood Character Provisions in Planning Schemes* (2004) to address neighbourhood character and the principles for addressing it in planning schemes in conjunction with PN78: *Applying the Residential Zones* (2013). Alternatively, the three practice notes could be replaced by the Good Planning Guide proposed in *Plan Melbourne*.**

## **4.7 Implications of the Heritage Overlay**

### **(i) Capacity to accommodate housing growth**

The Committee acknowledges that there will be situations where housing growth will be appropriate on sites or within precincts that are subject to the HO. These situations could include sites subject to a site specific overlay, or within a precinct based overlay, or non-contributory sites within precinct overlays. Examples of these situations include:

- Sites that have extensive undeveloped land.

- Sites where large industrial complexes and other large structures are being recycled.
- Precincts that are characterised by more intensive development.
- Redevelopment of properties that do not contribute to the significance of a precinct.

Where there are other policy imperatives, such as proximity to an Activity Centre, that support residential growth, there may be scope to apply the RGZ or the GRZ to these types of sites. In these situations, the HO would continue to apply.

Alternatively, there will be sites where the nature of the heritage significance is such that there will be little, if any, scope for redevelopment and housing growth. This assessment will need to have regard to the citation or statement of significance for the place or precinct, and particularly the implications for built form. In these situations the NRZ or GRZ may be preferred zones. This approach is generally consistent with Table 2 in PN78 which identifies the NRZ and GRZ as being suitable in areas of identified neighbourhood character that have '*significant intactness*' and heritage areas which impose '*significant constraints on increased housing development*'.

The Committee concludes that there is no single approach for determining whether an area or site that is subject to a HO should accommodate, or be protected from, more intensive housing development. Determining the preferred zone will require an assessment of the nature of the heritage significance, the capacity of the site or precinct to accommodate housing growth and any broader strategic imperatives that might support housing growth on the site or within the precinct.

## **(ii) Applying the NRZ with the HO**

The NRZ provides for a maximum of two dwellings on a lot, unless a different number is specified in the Zone schedule. In this context, a number of submitters highlighted that applying the NRZ to 'larger than average' lots (such as in inner suburbs where there are large potential redevelopment sites covered by site specific or precinct based HOs) might unreasonably constrain their redevelopment.

This situation could be overcome by increasing the number of dwellings in the schedule to the NRZ or by applying the GRZ or RGZ. The Committee agrees that this should be a factor in determining the appropriate zone for areas and sites that are subject to the HO and a reason for being cautious when applying the NRZ as the 'default' zone in conjunction with the HO.

## **4.8 Covenants**

The issue is whether covenants should be a determining factor when applying the residential zones.

A covenant is a written agreement between landowners that restricts the use or development of land, such as limiting the number of dwellings on a lot or the height of buildings. A covenant is created under the *Transfer of Land Act 1958* and is registered on the property title. Generally, a planning permit cannot be granted for something that would breach a covenant.

Most notably, covenants:

- are introduced without any public scrutiny, and

- are not required to support planning objectives.

Although covenants can be removed or varied, this can be a complex process.

The Committee accepts that there are matters outside the realm of planning schemes, such as covenants, that can be relevant and that should be considered when applying the residential zones. However, these 'external' considerations should not be the key drivers of land use planning policy. As the Amendment C50 Panel to the Manningham Planning Scheme commented:

*As a general planning principle the Panel does not accept that covenants should override the strategic planning for an area. The broader State and local policies to direct development .... should be the primary concern of planning provisions. Should private arrangements exist that prevent the implementation of these strategic directions then this is a separate matter that can be addressed in other forums.*

The Committee agrees with this observation and concludes that strategic planning objectives should be the primary determinant of how the residential zones are applied. Planning authorities should be able to implement contemporary strategic planning aspirations for an area, independent of covenants. However, it is apparent that if a covenant has resulted in an identifiable character, particularly one that is recognised at a strategic level and/or protected by a VPP tool such as a HO or NCO, then that local character should be a factor in applying the zones.

#### **4.9 Broadacre residential subdivision and development**

The issue is which zone should be applied to broadacre land identified for residential development that is yet to be subdivided and developed. This is particularly an issue in rural and some regional municipalities which have typically applied the R1Z and the Development Plan Overlay (DPO). In metropolitan Melbourne and regional cities, such as Geelong and Ballarat, many of these areas are subject to Precinct Structure Plans and the Urban Growth Zone (UGZ).

Having reviewed the purposes of the three zones, PN78 and AN50, it is not clear how these areas are intended to be treated and which zone should apply. Some draft amendments proposed the NGZ, while others proposed the GRZ.

As a matter of general principle, the Committee accepts that there can be situations where the NRZ might be applied, even though there is no existing residential character. The NRZ might be appropriate where there is an aspirational character for an area, expressed at a strategic level, through a Design and Development Overlay (DDO), Environmental Significance Overlay (ESO) or another VPP provision, and/or through an approved Development Plan under the DPO. In these situations the character that is sought could be a response to environmental conditions or reflect a preferred built form or style of development.

However, the NRZ limits the number of dwellings on a lot to two unless varied in a schedule. This is an issue where a broadacre subdivision creates 'super-lots' for medium density housing which are intended to be developed and then re-subdivided. In situations where

there are intended to be more than two dwellings, this approach is not possible under the NRZ. A possible solution is to apply a site specific schedule that increases the number of dwellings permissible on a lot, however this is a cumbersome approach. In contrast, the GRZ and RGZ do not restrict the number of dwellings on a lot, although the purposes of the RGZ suggest that it would be inappropriate in broadacre areas.

For these reasons, the Committee believes that the GRZ should be the default zone in these areas, unless there are specific reasons to apply the NRZ or RGZ. This approach is consistent with current proposals to use the GRZ as the 'applied zone' in UGZ schedules. It is also consistent with the *Plan Melbourne Initiative 2.1.4 'Develop more diverse housing in growth areas'*.

Finally, once these areas have been developed, it is open to Councils to review the zoning and, if appropriate, apply the NRZ or schedules to the GRZ, particularly in light of any emerging character.

#### 4.10 Multiple zone schedules

In applying the revised zones, Planning Authorities have adopted differing approaches to the schedules, particularly the NRZ, both in terms of the number of schedules applied as well as the size of the area affected by the schedules. As an example, one Council has prepared fifteen schedules to the NRZ, whereas some have prepared none. Similarly, some schedules have been applied to large areas of land, whereas some relate to only a small number of lots scattered throughout the municipality.

Concerns have been raised by a number of submitters that this varying approach to the zone schedules is unnecessarily complicating planning. Rather than implementing only three zones, it is in effect creating numerous residential zones throughout metropolitan Melbourne. This is contrary to the intent of the VPP to standardise and simplify planning and create a higher degree of certainty.

The question for the Committee is should the number of local schedules be rationalised so that the application of the three residential zones does not become complex and onerous.

**Table 7** Number of schedules (at time of notice)

Planning Scheme	NRZ	GRZ	RGZ	No of Schedules
Ararat	2	1	0	3
Ballarat	1	1	1	3
Boroondara (part municipality)	n/-	n/-	1	1
Cardinia	1	2	0	3
Darebin	1	1	0	2
Greater Shepparton	1	1	1	3
Kingston	10	4	1	15
Latrobe	2	1	2	5
Moonee Valley	1	2	1	4

Moorabool	4	2	0	6
Moreland	2	1	2	5
Mornington Peninsula	1	3	0	4
Southern Grampians	1	1	1	3
Whittlesea	0	0	0	0
<b>Total Schedules Proposed</b>	<b>27</b>	<b>20</b>	<b>10</b>	<b>57</b>

The Committee acknowledges there is no one-size-fits-all number of schedules that each planning authority should apply as this will be determined by the range and complexity of issues that need to be addressed.

If design issues are already adequately dealt with through an existing overlay, then the Committee considers these matters should continue to be dealt with through the overlay provisions in conjunction with the GRZ. However, if they are not, it may be appropriate to include a schedule to the zone if it can be demonstrated it is strategically justified and the provisions of Clause 54 and 55 do not adequately address the issue.

A planning scheme should not be unnecessarily complicated by the introduction of an excessive number of schedules. When considering whether a schedule is required and what area it should be applied to, a Planning Authority should question:

- Whether the proposed schedule to the zone is strategically justified.
- Whether the matters can be adequately dealt with under the provisions of Clauses 54 and 55.
- Where there are two or more schedules which are either close to or identical in intent, whether they should be combined into one schedule.
- Whether the issues are adequately addressed by an overlay.
- Whether the application of schedules to scattered small lots will realistically achieve an identified issue.

In light of these issues, the Committee believes that the integration of the zone schedules and overlays warrants review. This review should address the respective roles of residential zones and overlays and which of these VPP tools should be used to manage built form outcomes and how to best reconcile potential conflicts. It is beyond the scope of the Committee to undertake a review of overlay provisions and their relationship with the zones.

Finally, the Committee considers that one way to minimise the number of schedules could be by developing schedules based on what they seek to achieve rather than simply relating to a specific location.

## 5 Residential zones provisions

Submissions across the 14 draft amendments raised issues about how the residential zone provisions were affecting the application of these zones. These issues can be categorised as:

- General concern about mandatory provisions being applied excessively and without clear justification.
- Whether to apply provisions in the zone or overlay when the same provisions can be applied in both.
- Applying the mandatory maximum building heights.
- Applying the maximum number of dwellings on a lot.
- Applying the minimum lot size.
- Variations to Clauses 55 and 55 in the schedules to the zones.

### 5.1 Mandatory provisions

Concern was raised about the mandatory provisions in the new residential zones, particularly in relation to the limit on the number of dwellings on each lot and the eight metre maximum building height in the NRZ.

Whilst there was no dispute that it is important to ensure development responds to neighbourhood character, concern was raised that mandatory height and density limits in the new zones could significantly confine the scope for site responsive solutions. Concern was raised that built form prescriptions may produce sub-optimal designs, lost opportunities and monotonous development with little variety. As examples, it was submitted that an eight metre height limit precludes roofs with a desirable pitch and mandatory maximum heights may be problematic in areas where higher floor levels are required to ensure flood free development. One of the biggest concerns was that the use of these mandatory heights constrains sensible responses to the site characteristics and the local context. They may also prohibit minor departures from the requirement that would have no impact on meeting design objectives.

Some submissions from planning and development professionals acknowledged that 'sacrificing' some development potential may be acceptable in the interests of certainty and administrative simplicity, however, it was submitted that:

- There is no evidence that the character across the vast majority of the areas to which the NRZ is proposed to be applied is sufficiently 'special' to warrant their *'preservation in aspic'*.
- It is a fundamental tenet of the VPP that flexibility is provided for innovative responses that achieve planning objectives in non-standard ways and facilitates the evolution of design.
- The proposed widespread use of minimum lot sizes and mandatory maximum building heights unnecessarily curtails the potential for innovative design responses that contribute to urban consolidation while respecting neighbourhood character.

Some Councils (notably Kingston) submitted that where a 'good' proposal was put forward that did not meet the proposed mandatory provisions, a planning scheme could simply



accommodate a site specific or spot rezoning to address this. Spot rezonings were identified as an option in Latrobe where the mandatory maximum number of lots did not enable the development of multi-unit lots identified in approved Development Plans for developing areas.

Interactions with, and the need to amend, building regulations were highlighted in submissions.

Whilst some submitters argued it is not appropriate to have mandatory provisions at all, the Committee recognises that *Plan Melbourne* reinforces and elevates the policy support for increased certainty about where more intensive residential development will be supported and the development standards that apply. This has been a key factor in the drafting of the new residential zones. The Committee's consideration is on the basis of whether the selection of the zone and variations to the schedules to introduce mandatory provisions is strategically justified and appropriate. The Committee's role is to evaluate the draft amendments on the basis of the options available through the new zones and schedules. However, the Committee has made observations and suggestions to these provisions if they affect the implementation of the residential zones.

Many municipalities appear to have used the introduction of the new zones to adopt mandatory provisions without a clear rationale for these provisions or an understanding of their potential impacts.

While prescribed requirements will establish the parameters for the design brief, and good designers should be able to work within that envelope, variations to established standards require justification which addresses both the efficacy of the proposed change in meeting design objectives and the implications of the change for meeting housing objectives. The Committee considers mandatory provisions require particularly strong justification because:

- There may be added pressure from clients for designers to maximise the use of the permitted envelope with increased likelihood of 'rules based' rather than site responsive design outcomes.
- There will be circumstances where certainty will be at the expense of sensible development outcomes that respond to the circumstances of the site or enable exemplary design solutions.
- There will be circumstances where a precinct wide dwelling density may be counterproductive or undermine broader strategic objectives, including:
  - where the lot sizes vary in an area and in particular the development of larger than average lots at a greater dwelling density than prescribed may be entirely consistent with the character of the locality
  - the recycling of existing buildings (including heritage places)
  - the redevelopment of existing multi-unit developments (such as social housing properties), and
  - where it is the built form and landscaping, rather than the number of dwellings, that is critical to ensuring character is respected or protected.
- Minor departures from prescribed requirements to address particular circumstances cannot be approved. A range of lot sizes, rather than a minimum lot size, will often

enable more effective responses to site conditions and/or will support housing diversity objectives.

The Committee considers a critical issue for Councils is to question whether the proposed zone is the most appropriate in the first place, particularly where they have identified the need for a significant number of variations through schedules. As stated previously, the existing strategic framework should be the key determining factor in selecting the most appropriate zone.

The Committee considers there needs to be clear strategic justification for introducing mandatory provisions and it needs to be clearly identified that these issues are not adequately dealt by any other existing planning provisions.

The Committee observes that, although applying the NRZ to indicate the strategic intent for the locality (as expressed in the zone purposes) was considered desirable, the mandatory provisions of the NRZ were not always seen as critical and raised various challenges. To address this issue, some Councils are proposing fine grained use of schedules or foreshadowing ad hoc site specific rezoning. Others are seeking changes to the scope of schedules to enable exemptions or density ratios rather than the more blunt tool of dwellings per lot. Alternatives to address these issues are:

- Removing the mandatory default dwelling density provision in the NRZ head clause.
- Allowing the schedule to the zone to 'turn on' a mandatory dwelling density provision.
- Allowing exemptions for certain categories of properties or if certain conditions are met.

## **5.2 Applying a schedule or relying on an overlay**

DTPLI's planning guide *Using Victoria's Planning System* states:

*In addition to the requirements of the zone, further planning provisions may apply to a site or area through the application of an overlay. Both are equally important.*

The Committee's assessment of the draft amendments has been conscious that:

- Overlays identify locations with particular characteristics that warrant particular consideration.
- Irrespective of the zone, overlays continue to provide a framework to manage the attributes of a property or area.
- There is potential for inconsistency or ambiguity where the delineation of new zones does not align with existing overlays, or the zone and overlay provisions are inconsistent.

The Committee considers a distinction needs to be drawn between the strategic outcome sought and the tools used to achieve this.

The VPP provide a multitude of ways of achieving a strategic intent, through use of various zone and overlay provisions, both of which must seek to implement State and local policy. The new residential zones amend the suite of tools available to Councils. The question is

what are the best tools to achieve this strategic intent in a way that provides sufficient certainty, without an undue regulatory burden? This includes the role of policy as the basis of decision making in each of the zones.

The Committee considers using the zones and varying the schedules, notably the NRZ which has mandatory requirements as a default, need to be used with care so as not to usurp other provisions that already exist in policy or overlays applying to areas. The Committee considers this is particularly significant given the zone provisions relate to dwellings and residential buildings only, and the various overlays can relate to all buildings and forms of development. The Committee considers that, in some places, it may be better to enable the various overlay provisions to continue to be the enabling 'protector' of specific heritage, character or landscape attributes in an area. This would mean translating the R1Z to a GRZ (and in some cases even the RGZ) and relying on the existing overlays to continue to do their work.

The Committee notes this position was held by DTPLI in its submission to some amendments. For example, at the Mornington Peninsula hearing, its submission was '*If Council is satisfied the current DDO and DPO provisions are working effectively it may consider replacing the NRZ with the GRZ particularly where there is a risk that confusion in relation to maximum dwellings per lot or height may result*<sup>13</sup>'.

Alternatives to address this issue that involve changes to the Zone head clauses and/or the scope of schedules include allowing:

- An exemption to the mandatory provisions of the NRZ and mandatory heights in other zones if an overlay applies to the land that provides for different or discretionary provisions. However this still does not address the issue of other built form and development.
- The 'turning on' of mandatory requirements where they are considered appropriate to achieve the strategic and built form objectives.
- Altering the head clause of the zone to include an exemption to the effect that:

*If an Overlay directs a different height or dwelling density provision, the provision of that Overlay applies and takes precedence over any such provision in this zone.*

Even if these options were taken up, the Committee expresses concern that the NRZ should not simply be an additional layer of control where multiple provisions may already apply. Where various overlays apply and the NRZ is proposed, it may be that the combination of zone and overlays need to be reviewed in total to provide an integrated planning framework that reduces the potential for ambiguity or inconsistent provisions, and the complexity in administering the scheme. Again an interim approach to these situations would be to apply the GRZ, to avoid a multiplicity of potential conflict, even if an exemption applied in the zone.

The Committee recommends:

- 3. Review the integration of the zone schedules and overlays. This review should address the respective roles of residential zones and overlays and which of these**

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<sup>13</sup> As quoted from DTPLI – page 18 Mornington Peninsula Shire Population and Housing Report April 2014.

**should be used to manage built form outcomes and how to best reconcile potential conflicts.**

### **5.3 Applying maximum building heights**

Submissions questioned whether it is appropriate to have mandatory height provisions within the schedules or whether a 'preferred' height provision would be more appropriate. Submitters supported both options. A number of submissions questioned whether it is possible to have preferred heights in a schedule given the wording in the head clauses in each zone.

The question for the Committee is whether the height provisions in the schedules are mandatory or not, and if so, is there scope within the zone provisions to enable exemptions to the head clause.

In considering this issue, the Committee has had regard to the head clauses for the three residential zones and PN78.

#### **Head Clauses for the RGZ and GRZ**

The clauses relating to the '*Maximum building height requirement for a dwelling or residential building*' in both the RGZ and GRZ states that '*The Maximum height of a building used for the purpose of a dwelling or residential building **must** not exceed the building height specified in the schedule to this zone.*' (Committee's emphasis)

In the RGZ, if no height is specified '*the maximum building height **should** not exceed 13.5 metres ...*' It states the building height requirement replaces the maximum building height specified in Clauses 54 and 55). (Committee's emphasis)

In the GRZ, if no building height is specified, the default height is that as specified in Clauses 54 and 55.

Both zones have a limited range of exemptions.

#### **Head Clause for the NRZ**

The clauses relating to the '*Maximum building height requirement for a dwelling or residential building*' states that '*The Maximum height of a building used for the purpose of a dwelling or residential building **must** not exceed the building height specified in the schedule to this zone. If no height is specified, the height of the building must not exceed 8 metres ....*' (Committee's emphasis)

Both zones have a limited range of exemptions.

#### **The Practice Note**

The Committee notes that PN78 states the RGZ and the GRZ have maximum default heights, however, '*... a higher or lower maximum building height can be set by council.*' Whereas in the NRZ, PN78 states there is a 'Mandatory' eight metre height limit, which can only be varied by Council with approval from the Minister for Planning.

In relation to *Key Attributes* of the RGZ, the PN78 states '*Encourages up to four storeys residential development .... by setting a discretionary height limit of 13.5 metres.*' In relation

to the GRZ and the NRZ it states *'Allows a schedule to specify .... a maximum building height for a dwelling or residential building'*, stating the maximum building height must be expressed in metres.

The Committee interprets these provisions and PN78 as stating that if a maximum height (expressed only in metres) is included within the schedule to the RGZ and GRZ, then this becomes a mandatory height; however, if no height is identified in the schedule, the discretionary heights either in the head clause or Clauses 54 and 55 apply. Having said this, there may be some ability for an exemption or to draft the schedule height to differentiate heights in specific circumstances, such as areas subject to flooding. In relation to the NRZ, the height is mandatory whether it is within the head clause or the schedule.

The Committee considers there is no capacity to specify a preferred height in any of the Schedules to the three residential zones. The only way in which this flexibility can be achieved is by not specifying a height in a schedule to the RGZ and the GRZ, and defaulting to discretionary height in the head clause.

## **5.4 Applying a maximum number of dwellings on a lot**

Many submitters raised concerns with the ability to specify a maximum number of dwellings on a lot within a NRZ, including where there are existing dwellings such as aged care facilities, social housing or obsolete industrial or commercial buildings and where replacement of existing buildings may occur.

A number of Councils responded to these concerns by:

- Expressing the maximum number of dwellings for each lot on a sliding scale with more dwellings allowed the larger the lot.
- Providing for some exemptions to the specified maximum number of dwellings for each lot, most notably by providing for no increase in the number of dwellings if redevelopment occurs.
- Providing a general reference to 'if a lot contains more than one dwelling and is redeveloped, the maximum number of dwellings may exceed the requirements in this subclause, provided the total number of dwellings in the development does not exceed the number of existing dwellings on the site.'
- Expressing the number as a density ratio or number of dwellings per square metre.
- Expressing the number as 'preferred'.

The concerns raised by submitters with regard to these approaches have been:

- Whether it is appropriate to limit the number of dwellings within the zone at all, or whether this should be determined by whether the development can achieve compliance with objectives and design standards in Clauses 54 and 55.
- Whether this should be expressed as a number or a density ratio.
- Whether this should be a mandatory or preferred.
- What impact this will have on larger sites within the NRZ, or strategic redevelopment sites.

In relation to the NRZ where only two dwellings are permitted, it is important to be aware of the outcome of specifying a minimum subdivision lot size in the schedule to the zone. One

Council submitted that although the number of dwellings on a lot was restricted, there was the ability to apply for a subdivision (if the lot meets the minimum lot size) to create further lots that could accommodate two dwellings on each lot. This demonstrates how the NRZ can accommodate increased yield. For example, an 800 square metre lot with a single dwelling could be subdivided into two lots and then each of the created lots could contain two dwellings. This would effectively quadruple the number of dwellings. However, if the same lot is not subdivided, it is only permitted to have a second dwelling on the lot.

The issues for the Committee are how the number of dwellings should be expressed and whether it should be mandatory or preferred, and how it affects larger redevelopment sites and strategic redevelopment sites, growth areas and the redevelopment of existing buildings.

The Committee notes the head Clause to the NRZ specifically states:

*The number of dwellings on a lot must not exceed the number specified in a schedule to this zone. If no number is specified, the number of dwellings on a lot must not exceed two.* (Committee's emphasis)

The NRZ specifies a default maximum of two dwellings on a lot. The zone allows a different maximum number of dwellings to be specified in the schedule. This maximum cannot be expressed as a density ratio or a sliding scale and cannot be exempt because the head clause only allows a single number to be specified in each schedule. The Committee therefore cannot support the use of these alternative approaches under the existing drafting of the zone and schedule.

In terms of whether the number is expressed as preferred or mandatory, the Committee notes the wording of the head clause clearly states '*The number of dwellings on a lot must not exceed the number specified in the schedule to this zone. If no number is specified, the number of dwellings must not exceed two.*' This demonstrates that these are mandatory provisions. Therefore, regardless of lot size, the number of dwellings on a lot within the NRZ is limited to two, or any specified number in the schedule.

As raised by a number of submitters, this raises a significant issue in relation to redevelopment sites and larger than average lots within the NRZ, which is particularly relevant in the inner suburbs where there are large potential redevelopment sites (old industrial/commercial) covered by precinct based HOs and other strategic redevelopment sites. As discussed in Chapter 4.9, this is a potential issue in developing broadacre residential areas. Including these sites in the NRZ could result in their underutilisation.

The Committee accepts the arguments presented by submitters that if mandatory limits on the number of lots apply, there is little incentive for owners/developers to retain these important heritage sites or incorporate the existing built form into the redevelopment of the site, which may result in their ultimate demise either through demolition or neglect. These arguments equally apply to strategic redevelopment sites and infill development to achieve housing diversity objectives. These arguments are relevant in relation to maximum building heights.

Recognising this, the Committee considers that if a number is specified, it must have a sound strategic basis. If it does not, the Committee considers that no number should be specified

at this time. The Committee considers this raises a fundamental question whether the NRZ is the most appropriate zone for sites such as these, or whether it would be more appropriate to include this land in the GRZ and consider redevelopment proposals under the provisions of relevant overlays and Clauses 54 and 55. The issues associated with mandatory limits on the number of dwellings in the NRZ has resulted in the Committee taking a cautious approach to the application of this zone.

In terms of the concerns raised by submitters that there should be no allowance to specify a number of dwellings and that it should be left to Clauses 54 and 55, the Committee notes the schedule to the zones has been drafted to make such an allowance. Therefore this is not a matter for consideration. The only comment the Committee makes on this matter is that if it is not appropriate to limit the number of dwelling on the lot, then the question needs to be asked whether the NRZ is the appropriate zone.

Options to address this could include:

- Removing the default limit of two dwellings in the NRZ and allowing the schedule to specify a number where it can be justified.
- Amending the NRZ to allow the schedule to the zone to specify the number of dwellings that can be constructed within different lot size ranges.

## **5.5 Applying a minimum lot size**

The NRZ has the ability to regulate the minimum lot size for subdivision. Clause 32.09-2 states:

*A permit is required to subdivide land.*

*A schedule to this zone may specify a minimum lot size to subdivide land. Each lot must be at least the area specified for the land except where an application to subdivide land is made to create lots each containing an existing dwelling or car parking space, where an application for the existing dwelling or car parking space was made or approved before the approval date of the planning scheme amendment that introduced this clause 32.09 into the planning scheme.*

A number of Councils propose minimum lot sizes in one or more schedules to the NRZ and the minimum lot sizes vary to meet local needs and conditions. In a number of instances there are submissions from local residents arguing for larger minimum lot sizes than proposed and from consultants and developers arguing that either the minimum lot size should be reduced or that greater flexibility should be provided to meet a particular circumstance. Submissions argued that there is a need for flexibility in specifying the minimum lot size, particularly to reflect the provisions of local policy, plans or overlays. Some Councils have tried to address this through the expression of an average minimum lot size.

The Committee notes that where there is a perceived need by Councils to try and adapt provisions to meet these types of circumstances, the first question is whether the NRZ is the most appropriate zone, or whether the application of the GRZ is more appropriate.

With respect to expressing a minimum lot size as an average, the Committee considers that this is not possible given the zone head provisions clearly state “*A schedule to this zone may*

*specify a **minimum lot size** to subdivide land. Each lot **must be at least the area specified for the land ...***” and does not make provision for a sliding scale. (Committee’s emphasis)

In addition, the Committee considers that the use of a sliding scale is not appropriate as it is likely to be practically and administratively messy and it could result in outcomes where individual lot sizes vary significantly from the mean. It therefore could potentially be inconsistent with the purpose of the NRZ.

Like other mandatory provisions, the issues raised have meant that a more limited use of the NRZ, where a mandatory minimum lot size is specified, has been supported than may have been the case if more flexible provisions applied.

## **5.6 Variations to Clauses 54 and 55 in the schedules to the zones**

A number of submissions raised concerns about the inclusion of what were interpreted as mandatory requirements by referring to ‘must’ in defining the variations to Clauses 54 and 55. It was submitted that given the parent clauses do not mandate these requirements, it would be unreasonable for the schedule to the various zones to attempt to do so. Concern was raised about the justification for such variations.

In considering whether variations to Clauses 54 and 55 are mandatory, the Committee has referred to Clauses 54 and 55 which outline the operation and requirement of these Clauses, and note that it is only the Objective which ‘must’ be met and not the Standard. In relation to Standards, the head clauses make it very clear that ‘*A standard contains the requirements to meet the objective. A standard **should** normally be met. However, if the responsible authority is satisfied that an application for an alternative design solution meets the objective, the alternative design solution may be considered.*’ (Committee’s emphasis)

The Committee therefore considers that the standards are not intended to be mandatory and to include any reference to ‘must’ within the variation to these standards in the schedules is both incorrect and misleading.

In terms of the types of variations proposed, the Committee recognises the existing standards in Clauses 54 and 55 were established after lengthy and detailed investigation into appropriate amenity and design provisions for dwellings. PN28 states:

*Using the schedule to the residential zones should only be necessary where it can be shown that the residential development standards in Clauses 54, 55 and 56 of the planning scheme do not adequately reflect the existing neighbourhood character attributes of the municipality and an LPP can be shown to be insufficient to deliver the desired outcomes.*

*The schedule should only be used where it can be shown to be the most appropriate and effective mechanism in achieving the desired neighbourhood character outcomes in comparison to other alternatives. Again, an evidence-based approach will be necessary to demonstrate the basis for the proposed provisions.*

The Committee considers that any variation to Clauses 54 and 55 in the schedules should only be included where there is clear strategic justification and it can be demonstrated that the existing provisions of Clause 54 and 55 do not adequately address the issue.



For these reasons, the Committee has been cautious about translating broad character design criteria, which have been prepared as guidance tools, into prescribed variations to Clauses 54 and 55 that may lead to unintended consequences or poor design outcomes that are not driven by the immediate site context, but a direction to meet a prescribed number.

## 6 Other issues

In addition to issues related to applying the residential zones and the zone provisions, submissions raised the following issues:

- Inconsistency between the RGZ purpose related to developments of up to four storeys and the ability to set a higher maximum building height in the schedule to the zone.
- Legal implications of guidance in the GRZ schedule template in the Ministerial Direction.
- Ambiguity with the RGZ provisions relating to the application of Clause 55.
- The ability to construct a dwelling where there is an eight metre height limit and the need to elevate the floor level to address flooding issues.
- Treatment of main roads.
- Coordination and interrelationship of zones along municipal boundaries.

### 6.1 Consistency between the RGZ purpose and maximum height

One of the purposes of the RGZ is:

*To provide housing at increased densities in buildings up to and including four storey buildings.*

The GRZ head clause (Clause 32.07-7) (*Maximum Building Height requirement for a dwelling or residential building*) allows a schedule to specify a mandatory building height, however, if the schedule does not specify a maximum height, the default discretionary 13.5 metre height applies (with allowances for sloping sites).

The RGZ, however, provides the ability for a schedule to increase this maximum height and the *Decision Guidelines* specifically states:

*Before deciding on an application, in addition to the decision guidelines in Clause 65, the responsible authority must consider, as appropriate:*

...

*For a development of five or more storeys, excluding a basement, the Design Guidelines for Higher Density Residential Development (Department of Sustainability and Environment 2004).*

Clause 32.07-4 (*Construction and extension of two or more dwellings on a lot, dwellings on common property and residential buildings*) states that 'A development must meet the requirements of Clause 55. This does not apply to a development of five or more storeys, excluding a basement.'

The RGZ contains a fundamental inconsistency between the purpose of the zone, the provisions such as Clause 32.07-7 and the decision guidelines. Despite the purpose of the RGZ, there is the scope for buildings to exceed four storeys.

In considering this issue, the Committee has had regard to PN78 which states in response to the following question 'Does the zone set a maximum building height for housing?' - 'Yes, 13.5 metres - But a higher or lower maximum building height can be set by Council.' PN78

also states that the RGZ *‘Encourages up to four storey residential development (and complementary non-residential uses) by setting a discretionary height limit of 13.5 metres.’* At no point does PN78 suggest that development is to be limited to four storeys, with no ability to be varied. The Committee notes, however, that it could be inferred from the two RGZ purposes relating to the height of development and providing a transition between areas of more intensive use and development, and areas of restricted housing growth, that an alternative zone may be envisaged in areas where development at a greater scale is envisaged.

On this basis, the Committee concludes that the purpose of the zone which makes specific reference to four storeys is at odds with the remainder of the zone provisions and PN78 and that this inconsistency should be resolved.

### **Recommendation**

The Committee recommends:

- 4. Reconcile the reference to building heights in the purpose of the Residential Growth Zone with the provisions of the zone and associated references in Practice Note 78: *Applying the Residential Zones (2013)*.**

## **6.2 Permit requirement for the construction or extension of one dwelling on a lot in the Schedule to the GRZ**

Clause 1.0 in the schedule to the GRZ includes the following permit trigger:

*Is a permit required to construct or extend one dwelling on a lot of between 300 square metres and 500 square metres?*

This permit trigger only allows a planning authority to specify whether it is activated or not. However, the schedule template in the Ministerial Direction on the Form and Content of Planning Schemes includes the following commentary:

*Where the permit requirement for the construction or extension of one dwelling on a lot remains at 300 square metres insert “None specified”*

*Where the permit requirement for the construction or extension of one dwelling on a lot is changed to between 300 square metres and 500 square metres insert “[insert number] square metres”*

The Committee does not believe there is a legal basis to allow anything other than a ‘none specified’ or ‘yes’ response to the permit trigger.

If the intent was to determine whether a permit was required for a dwelling on a lot between 300 and 500 square metres, then the commentary in the Ministerial Direction needs to be changed. If the intent was to allow a Council to change the lot size for determining when a permit is required, then the schedule to the GRZ needs to be amended.

## Recommendation

The Committee recommends:

- 5. Reconcile the schedule to the General Residential Zone with the commentary for the schedule template in Ministerial Direction on the Form and Content of Planning Schemes, in relation to the permit requirement for the construction or extension of one dwelling on a lot.**

## 6.3 References to Clause 55 in the Residential Growth Zone

The Committee believes that the RGZ provisions relating to the application of Clause 55 is ambiguous.

The Committee notes that Clause 32.07-4 (*Construction and extension of two or more dwellings on a lot, dwellings on common property and residential buildings - Permit requirements*) states:

*A development must meet the requirements of Clause 55. This does not apply to a development of five or more storeys, excluding a basement.*

Clause 32.07-8 (*Buildings on lots that abut another residential zone*) states:

*Any buildings or works constructed on a lot that abuts land which is in a General Residential Zone, Neighbourhood Residential Zone, or Township Zone must meet the requirements of Clauses 55.04-1, 55.04-2, 55.04-3, 55.04-5 and 55.04-6 along that boundary.*

The Committee concludes these provisions introduce ambiguity and has interpreted them to mean:

- Clause 55 provisions apply to development of up to and including four storeys.
- For development of five or more storeys, only the specified Clause 55 standards apply and then only where the lot abuts one of the other nominated residential zones.

## 6.4 Amending height to address flood levels

A number of Councils seeking to apply the NRZ supported the use of a mandatory eight metre height provision but questioned the capacity to construct a two storey building at this height if a flood or stormwater overlay affected the land.

Kingston proposed to set the mandatory maximum height of dwellings and residential buildings in its proposed NRZ to 8.6 metres to accommodate potential increased finished floor levels associated with the Special Building Overlays. Its submission was that this generally required raising the finished floor level of up to 1.2 metres above natural ground level. To accommodate a conventional pitched roof two storey home, it submitted 8.6 metres was needed. For ease and simplicity it then sought to use this as the mandatory maximum height for all the NRZ area, whether or not the site was subject to flooding. This would still maintain a two storey building, but accommodate sites subject to flooding.

Some residents opposed the use of this provision outside of areas affected by flooding, stating the eight metre standard as set through the zone review process should be retained.

The Committee agrees that with a more confined building envelope such as sought through the NRZ, there is likely to be greater problems in addressing servicing or environmental constraints such as flooding that require a modest increase in height to accommodate the site constraint. However, it agrees with submitters that this should not result in the general 'default' of eight metres being amended for areas where the constraint does not exist.

The conundrum is whether to apply a varied height without needing to map different heights across different constraint areas, such as flood mapping. The Committee observes that if the head provision of the NRZ was amended to address this issue, the problem would be resolved. The provisions in Clause 32.09-8 could be revised to enable the overall height to be measured from natural ground level, as generally defined by the planning scheme, with the maximum height being eight metres, plus any applicable flood level. This enables the effective ground level of the new building to be placed at the applicable flood level, or at natural ground level where no flood level applies.

### **Recommendation**

The Committee recommends:

#### **6. Amend Clause 32.09-8 of the Neighbourhood Residential Zone to read as follows:**

- a) The maximum height of a building used for the purpose of a dwelling or residential building must not exceed the building height specified in a schedule to this Zone. If no building height is specified, the height of a building must not exceed 8 metres, plus any applicable flood level, unless the slope of the natural ground level at any cross section wider than 8 metres of the site of the building is 2.5 degrees or more, in which case the height of the building must not exceed 9 metres, plus any applicable flood level.**

### **6.5 Treatment of main roads**

Some draft amendments (for example Moonee Valley, Kingston and Boroondara) sought to direct housing growth to main roads. Clause 16.01-2 of the SPPF states:

*Increase the proportion of housing in Metropolitan Melbourne to be developed within the established urban area, particularly at activity centres, employment corridors and at other strategic sites, and reduce the share of new dwellings in greenfield and dispersed development areas.*

The phrasing of this policy statement reflects Amendment VC75. This Amendment gives protection to established residential neighbourhoods that are located outside areas designated for intensification. The Amendment removed previous statements that directed more intensive housing 'along' train, light rail and bus routes, a policy established through Amendment VC71 to align with the now defunct *Melbourne 2030 – Melbourne @ 5 Million*.

*Plan Melbourne* and existing State policy is to direct growth to nodes around activity centres and public transport stops, not along main roads, unless they are on or abut specified PPTN routes. Policies to direct growth to main roads therefore need to clearly demonstrate why a

different approach should be taken from directing growth to nodes as sought by State policy. The Committee notes that if the GRZ is applied, with the intent to direct growth to such main road locations, with an increased height limit, it may be confusing and directly conflict with neighbourhood character that remains the primary purpose of this zone.

Alternatively, if the RGZ is proposed along a main road, it will need to be justified as to whether it can achieve the purpose and principles for applying this zone, if well away from services. It may lead to significant differential interfaces to adjoining hinterland areas and potential commercial uses along main road strips, away from activity centres.

## **6.6 Integration between municipalities**

A number of submissions raised issues about the coordination and interrelationship of zones along municipal boundaries. The Committee agrees that this is a factor that should be considered when applying the new zones. However, the Committee process has not allowed this to occur, given that not all zoning proposals for neighbouring municipalities have been available.

In any event, the Committee believes that the interrelationship of zones across municipal boundaries should be a factor when considering which zones to apply.

## **Appendix A   Terms of Reference**





## **Appendix B   Applying the residential zones**

**Table 1 Principles for applying the residential zones from PN78**

Residential zone			Principles in apply zones
Zone	Purpose	Likely application	Principles can be deduced from the purposes of the zones (and should be considered together)*
MUZ	Enables new housing and jobs growth in mixed use areas	In areas with a mix of residential and non-residential development. In local neighbourhood centres undergoing renewal and around train stations, where appropriate.	<ul style="list-style-type: none"> <li>- Areas encouraging a range of residential, commercial, industrial and other uses</li> <li>- Areas to provide for housing at higher densities and higher built form that responds to the existing or preferred neighbourhood character</li> </ul>
RGZ	Enables new housing growth and diversity in appropriate locations	In appropriate locations near activities areas, town centres, train stations and other areas suitable for increased housing activity such as smaller strategic redevelopment sites	<ul style="list-style-type: none"> <li>- Locations offering good access to services, transport and other infrastructure</li> <li>- Areas which provide a transition between areas of more intensive use and development and areas of restricted housing growth</li> <li>- Areas where there is mature market demand for higher density outcomes</li> </ul>
GRZ	Respects and preserves neighbourhood character while allowing moderate housing growth and diversity	In most residential areas where moderate growth and diversity of housing that is consistent with existing neighbourhood character is to be provided	<ul style="list-style-type: none"> <li>- Areas with a diversity of housing stock, diversity of lot sizes and a more varied neighbourhood character</li> <li>- Areas where moderate housing growth and housing diversity is encouraged</li> </ul>
NRZ	Restricts housing growth in areas identified for urban preservation	In areas where single dwellings prevail and change is not identified, such as areas of recognised neighbourhood character, heritage environmental or landscape significance	<ul style="list-style-type: none"> <li>- Areas with a neighbourhood character that is sought to be retained</li> <li>- Areas where more than 80% of lots currently accommodate detached dwellings</li> <li>- Areas with Neighbourhood Character Overlays</li> <li>- Residential areas with HOs (such as larger heritage precincts, rather than individually recognised heritage sites)</li> <li>- Areas of identified environmental or landscape significance.</li> <li>- Areas which may not have good supporting transport infrastructure or other infrastructure, facilities and services and are not likely to be improved in the medium to longer term</li> </ul>
TZ	Provides for residential and other	In townships	<ul style="list-style-type: none"> <li>- Areas in small towns for residential development and educational,</li> </ul>

Residential zone			Principles in apply zones
Zone	Purpose	Likely application	Principles can be deduced from the purposes of the zones (and should be considered together)*
	uses in small towns. Enables modest housing growth		recreational, religious, community and a limited range of other non-residential uses to serve local community needs - Areas with Neighbourhood Character Overlays or policies
LDRZ	Enables low density housing	On the fringe of urban areas and townships where sewerage may not be available	- Areas for low-density residential development.

\*Other principles and criteria may be required by councils to suit local circumstances.

**Table 2 Criteria for applying the NRZ, GRZ and RGZ from PN78**

Criteria*		Applicable to:		
		Neighbourhood Residential Zone (low levels of residential change)	General Residential Zone (moderate levels of residential change)	Residential Growth Zone (high levels of residential change)
<b>Strategic</b>				
1	Adopted housing and development strategy (not required for conversion only to GRZ)	Yes	No	Yes
2	Identified in Activities Area structure plan / policy	No	No	Yes
3	Brownfield/urban renewal site/area	No	No	Yes
4	Commercial or industrial land for redevelopment not in Activities Area (strategic justification for rezoning required)	No	Yes	Yes
<b>Context</b>				
5	Good access to transport choices (including walkability, public transport, cycling, road access)	No	No	Yes
6	Good access to employment options	No	No	Yes
7	Good access to local shopping	No	No	Yes
8	Good access to local community services	No	No	Yes
<b>Character</b>				
9	Level of development activity (existing and desired)	Low	Low/Moderate	High
10	Identified areas for growth and change (such as evidenced through DDO or similar)	No	No	Yes
11	Retention of identified neighbourhood character (such as evidenced through HO, NCO, DDO, significant intactness)	Yes	Yes	No
12	Heritage areas which impose significant constraints on increased housing development	Yes	Yes	No
13	Existing landscape or environmental character/constraints (evidenced	Yes	Yes	No

Criteria*		Applicable to:		
		Neighbourhood Residential Zone (low levels of residential change)	General Residential Zone (moderate levels of residential change)	Residential Growth Zone (high levels of residential change)
	through SLO, ESO, local policy)			
Constraints				
14	Risk associated with known hazard (evidenced through BMO, LSIO or EMO for fire, flood and landslip or other constraints identified through EPA hazard buffers or similar)	High	Low	Low

\*There is no specific weighting to the criteria. This should be applied by councils to suit local circumstances.