

The Hon. Sonya Kilkeny,
Minister for Planning & the Suburbs
Level 20, 1 Spring Street
Melbourne VIC 3000

RE: the Plan for Victoria

Dear Minister Kilkeny,

YIMBY Melbourne thanks the Department of Transport and Planning for the opportunity to provide input into the new Plan for Victoria.

As an organisation that advocates for housing abundance, we celebrate the State Government for working to create a strong and clear Plan that makes it easy and simple to build the homes we need in the places where people want to live.

Over the past eighteen months, YIMBY Melbourne has delivered ten key pieces of policy research aimed at informing the long-term improvement and success of the state's systems of planning and housing delivery.

By introducing accountability, outcomes-oriented policy and frameworks, and reducing the number of arbitrary and poorly justified restrictions on the development of new, denser housing in our state's established suburbs, YIMBY Melbourne believes that the Victorian Government can set the state up for long-term success.

In this document, we outline our research and advocacy to date, including key recommendations, summaries, and links to full releases, in order to provide a holistic view on how the Plan for Victoria can best be set up to truly benefit all Victorians, current and future.

Thank you for your time, and we look forward to continuing the conversation over coming months.

Yours sincerely,

A handwritten signature in black ink, appearing to read "JOB", with a stylized flourish extending to the right.

Jonathan O'Brien
Lead Organiser, YIMBY Melbourne
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Executive summary

The Plan for Victoria must first and foremost be a forward-looking document. It must enable an abundance of built-form outcomes and housing typologies, delivered primarily through deemed-to-comply rather than discretionary pathways.

To do this, the Plan will need to first and foremost **establish a hierarchy of priorities.** The current planning system places every one of its goals on equal footing, which is not a viable way to manage cities poised for significant growth.

Bold choices will need to be made within the new Plan, such as **explicitly prioritising climate resilience and housing affordability for all,** over and above heritage and neighbourhood character for the few.

Accountability must be introduced to the planning system, with all policies being subject to rigorous cost-benefit analyses prior to implementation, in order to avoid inadvertently (or, indeed, advertently) blocking the delivery of new housing and infrastructure.

'Zoned capacity' should be based on demand-driven economic models of housing delivery, rather than the on-paper declaration of the zoning schedule. The planning system must have higher exposure to the real world than it currently does, and work to **measure and manage outcomes through better collection and utilisation of data.**

The consultative methods used by both state and local institutions must **move away from biased processes of self-selection and toward representative consultation** that uses modern statistical methods to ensure a valid cross-section of the population is heard, including renters and people in non-traditional forms of housing.

The state must understand that no amount of education will magically lead communities to accept the construction of social housing in their area, and **open up strong deemed-to-comply pathways for all Homes Victoria projects** to ensure that those most in need have well-located homes within Melbourne and across our state.

Finally, we emphasise that **the planning system should be set up to be permissive rather than adversarial.** Clear rules should be set up in advance, and all projects that comply with those rules should be welcomed by default, rather than blocked.

It is time for a planning system that, across all of Melbourne and indeed all of Victoria, says yes in its backyard.

Recommendations

1. Introduce the Missing Middle Zone (MMZ), enabling six-storey, mixed-use development.
2. Abolish the Neighbourhood Residential Zone (NRZ).
3. Increase the Growth Areas Infrastructure Contribution (GAIC) to more accurately represent the costs of greenfield development.
4. Establish deemed-to-comply pathways for mixed-use builds across all zones, removing discretionary measures and establishing clear criteria for build compliance and approval.
5. Reassess all heritage, neighbourhood character, and design overlays within Activity Centres. Abolish overlays where an on-balance assessment indicates that the costs outweigh the benefits.
6. Introduce a reduced Residential Windfall Gains Tax (Residential WGT) rate for residential property value uplifts below \$100,000. Hypothecate proceeds from the Residential WGT toward ambitious social housing builds.
7. Establish enforceable, demand-driven housing targets for all LGAs.
8. Ensure all LGAs have at least 25 years of viable zoned capacity at all times, with assessments undertaken at least every 5 years.
9. Remove all references to 'visual bulk' within the planning scheme.
10. Remove all upper-level setback requirements for buildings with fewer than 20 storeys.
11. The Victorian Government should plant 22,000 street trees per year across metropolitan Melbourne, focusing on poorer areas with minimal public canopy cover.
12. Street trees should be funded for their full lifecycle beyond just planting costs.
13. Ensure clear, measurable outcomes for all urban policies.
14. Provide frameworks and clear best-practice cost-benefit analysis structures for land-use regulation and decision making.
15. Consult representative populations and ensure consultation processes are not biased by self-selection.
16. Prioritise building homes and infrastructure in climate-resilient areas.
17. Abolish arbitrary planning rules with outsized climate impacts, such as heritage controls which prohibit the upgrade of existing housing stock.
18. Abolish the local government rate cap, and set rates based on land value, rather than capital improved value.
19. Realign revenue from state government initiatives such as the Development Facilitation Program (DFP) to reduce adversarial relationships between state and local government bodies.
20. Amend the Local Government Act 2020 to require cost-benefit analyses for significant proposed policy and rule changes.

21. Amalgamate all Greater Melbourne councils into a metropolitan-wide government in the style of that seen in Auckland, Brisbane and London.
22. Require the disclosure of NaTHERS ratings on all residential rental properties.
23. The improvement of rental and general housing stock standards should supersede nebulous heritage concerns.
24. Remove car parking minimums.
25. Incentivise better urban outcomes by replacing stamp duty with a broad based land value tax, phased in over time.

A note on summarisation

Often, we repeat recommendations across our reports. In the context of this submission, we have removed double-ups, and surface each discrete recommendation only once.

The full body of each submission summarised herein contains further detail, as well as sub-recommendations that should also inform the Plan for Victoria.

Melbourne's Missing Middle (October 2023)

Melbourne's Missing Middle is YIMBY Melbourne's flagship report, outlining our clear and future-focused vision for the city that we love.

Melbourne's Missing Middle's signature recommendation—a new Missing Middle Zone—would enable six-storey, mixed-use development on all residential land within 1 kilometre of a train station and 500 metres of a tram stop—building an interconnected network of 1,992 high-amenity, walkable neighbourhoods.

Melbourne's Missing Middle envisions Parisian streetscapes across all of inner urban Melbourne, along our train and tram lines and near our town centres. Gentle, walk-up apartments, abundant shopfronts, sidewalk cafes and sprawling parks replacing unaffordable and unsustainable cottages.

The Missing Middle is the most desirable, walkable urban form, typified by inner Paris, and it should be legal to build in our most desirable, economically productive areas.

Relevant recommendations

Introduce the Missing Middle Zone (MMZ), enabling six-storey, mixed-use development.

Upzone all existing residential land located within 1km of train stations and 500m of tram stops to the MMZ.

Abolish the Neighbourhood Residential Zone (NRZ).

Upzone all Melbourne land currently designated Neighbourhood Residential Zone to General Residential Zone (GRZ), and all GRZ land to Residential Growth Zone (RGZ).

Increase the Growth Areas Infrastructure Contribution (GAIC) to more accurately represent the costs of greenfield development.

Infrastructure should be priced accurately and fairly across the city to enable a consistent delivery of well-located homes, avoiding the problem of outsized charges holding up individual housing projects.

Establish deemed-to-comply pathways for mixed-use builds across all zones, removing discretionary measures and establishing clear criteria for build compliance and approval.

Plan for Victoria should recognise that the discretionary nature of the Victorian planning system creates a deep culture of uncertainty, while encouraging speculation and land banking. Move towards clear, codified pathways for all builds across the state.

Reassess all heritage, neighbourhood character, and design overlays within Activity Centres. Abolish overlays where an on-balance assessment indicates that the costs outweigh the benefits.

Subtractive reform is key to decluttering and streamlining planning across the state. Impediments to building well-located homes should be reassessed and removed.

Heritage controls, where relevant, should focus on preserving individual buildings rather than entire precincts.

Introduce a reduced Residential Windfall Gains Tax (Residential WGT) rate for residential property value uplifts below \$100,000. Hypothecate proceeds from the Residential WGT toward ambitious social housing builds.

The Plan for Victoria should fund new social housing off the back of a modest tax on residential windfall gains, paid by the seller on the uplift upon transaction.

[The full Melbourne's Missing Middle report is available here.](#)

Missing Middle Housing Targets (April 2024)

Melbourne's planning system is currently focused on processes, rather than outcomes. As a result, the system lacks accountability across the board. So when a council utilises restrictive planning practices to stop new homes being built, there is nothing anyone can do.

But no council exists in a vacuum. When one LGA works to overwhelmingly block new housing, they impose greater economic costs not just on their own residents but on the entirety of Melbourne.

YIMBY Melbourne's plan to implement housing targets for a bigger and better Melbourne involves four key steps:

1. Upzone inner-middle Melbourne, increasing zoned capacity by 7.7x
2. Publish annual binding housing targets for the 19 LGAs where demand for infill housing is highest
3. Enforce housing targets through revenue-neutral 'carrot and stick' incentives
4. Deliver 40,000 new homes per year across inner-middle Melbourne

We know we need more homes where people want to live, which is why our housing target model is demand-driven. That means that targets are higher when demand outstrips supply, and targets are lower when supply meets demand.

So, the best way for any Council to lower their housing target is simple: build more homes where people want to live.

Relevant recommendations

Establish enforceable, demand-driven housing targets for all LGAs.

There is currently no mechanism to ensure that councils actually permit the housing for which they claim to have zoned capacity. The Victorian Government should follow the advice of Infrastructure Victoria and the Productivity Commission to enforce housing targets through a set of robust carrot and stick incentives.

Ensure all LGAs have at least 25 years of viable zoned capacity at all times, with assessments undertaken at least every 5 years.

For zoned capacity to actually enable enough housing to be built, the number of potentially profitable new dwellings in an area must be many times the number of homes a community needs.

The Plan for Victoria housing targets establish a 25-year stretch of zoned capacity, and this zoned capacity should be maintained in perpetuity through regular demand-driven modelling by the Government.

[The full *Missing Middle Housing Targets* report is available here.](#)

[Supplementary article, *How to measure the impact of zoning on housing in your city*, is available here.](#)

Upper-level Setbacks Delenda Est (August 2024)

Upper-level setback mandates are an immensely damaging component of the planning scheme. All of the research and practice demonstrates the negative impacts of these mandated planning controls.

These negative impacts include but are not limited to:

- [Decreased thermal efficiency](#) across the whole building
- [Increased embodied carbon](#) within the building
- [Higher levels of defects](#), including timber-rot and mould
- [Reduced streetscape interface](#) and forgoing amenity and passive surveillance
- [Reduced project viability](#) and fewer, more expensive homes

In order to deliver the levels of housing supply Victoria needs, and to deliver a Melbourne that is beautiful, progressive, and forward-thinking, upper-level setback requirements have to be removed from planning schemes city-wide.

Relevant recommendations

Remove all references to 'visual bulk' within the planning scheme.

Upper-level setbacks are justified by a term called 'visual bulk'. However, visual bulk is not a real thing. It is a term entirely invented by anglospheric planning systems, and no material evidence exists that 'visual bulk' is actually a negative in urban environments. And yet this invented term is the governing reason our system requires upper-level setbacks.

Remove all upper-level setback requirements for buildings with fewer than 20 storeys.

Upper-level setbacks reduce wind tunnelling only in the case of very tall buildings. There is no evidence that upper-level setbacks are beneficial when applied to buildings shorter than this, and should be abolished accordingly.

[The full *Upper-level Setbacks Delenda Est* report is available here.](#)

Missing Middle Street Trees (July 2024)

Everyone loves trees. The year-round cooling and the shade in the summer, the organic form and the softening of the urban landscape. Not to mention the [real, tangible benefits](#) that a strong tree canopy provides for our city and those who live here.

People love street trees in particular. Unlike the private trees confined to individual backyards, the benefits of street trees are distributed to everyone. Whether walking the dog, cycling to work, or sitting by the window in the winter sun with your morning coffee—the presence of a robust street tree canopy only improves the day to day of city life.

Melbourne urbanists have been at the forefront of this love affair, [as seen in their calls](#) for more street trees on residential streets, such as between parking bays. And so, because street trees are good, YIMBY Melbourne believes we should have more of them.

Relevant recommendations

The Victorian Government should plant 22,000 street trees per year, focusing on poorer areas with minimal public canopy cover.

Public and street trees are currently more prominent in wealthier areas. New street tree canopy should be focused on areas where coverage is currently insufficient.

Street trees should be funded for their full lifecycle beyond just planting costs.

Previous Victorian tree planting programs have failed due to a failure to account for the full costs of urban greening. Trees need to be maintained for their full lifecycle, and actuarial models should be used to ensure failed trees are accounted for and replaced.

[The full *Missing Middle Street Trees* report is available here.](#)

Submission: National Urban Policy (July 2024)

Directed towards the Commonwealth Government, our National Urban Policy submission (via our membership in the Abundant Housing Network Australia), highlights accountable and representative mechanisms that should be at the core of any good urban plan.

This comprehensive document outlines key steps toward remedying the current measurement deficit within urban policymaking. We demonstrate the need for a hierarchy of policy focuses, and to measure the tradeoffs associated with action and inaction on each given area.

The document also outlines the key issues with current consultation processes that permeate our nation's planning systems. We show that decision-making bodies must move away from hyper-local, opt-in consultation processes, and toward more democratically inclusive processes.

Relevant recommendations

Ensure clear, measurable outcomes for all urban policies.

Establish within the Plan for Victoria a hierarchy of policy focuses that codify explicit priorities and measurable outcomes. These measurables may include:

- Rental vacancy rates
- Labour market participation
- Travel time between key locations, per transport mode
- Air quality

Underpinned by the above, improve the use of data within urban planning by standardising the methodologies, definitions, and data formats used across all jurisdictions.

Provide frameworks and clear best-practice cost-benefit analysis structures for land-use regulation and decision making.

Use clear and robust cost-benefit analysis to ensure that planning policy is evidence-based and outcomes-driven. Planning should move away from its adversarial, low-evidence state, and move toward facilitating better material outcomes for Victorians.

Additionally, as part of these analyses, state and local authorities should measure and consider explicitly the opportunity costs of indecision and not acting .

Consult representative populations and ensure consultation processes are not biased by self-selection.

Ensure consultation is representative, and underpinned by modern statistical and surveying techniques that empower the whole community to be heard, not just those with spare time or a vested interest.

To facilitate this, the Victorian Government, through Plan for Victoria, should build a 'weight my consultation' tool for councils, and develop guidance and processes for representative surveying.

[The full National Urban Policy submission from YIMBY Melbourne and the Abundant Housing Network of Australia is available here.](#)

Submission: Climate Resilience Inquiry (August 2024)

Uncontrolled urban sprawl has pushed our major growth areas deeper and deeper into land that has higher risks of flood and fires. As the National Growth Areas Alliance have highlighted, the outer suburbs are home to many of Australia's most vulnerable residents—climate change and its associated disasters will only heighten their entrenched disadvantages.

These current policy settings, helmed by our archaic and restrictive planning system, have created a situation in which people are blocked from living in our most climate-resilient places, and the bulk of our population growth is taking place in our most at-risk areas. This needs to change.

We believe that our current planning apparatus fails to adequately consider the significant trade-offs that are made in regard to built-form controls that worsen our ability to deal with the effects and mitigation of climate change.

Relevant recommendations

Prioritise building homes and infrastructure in climate-resilient areas.

Concentrating the delivery of new dwellings on the urban fringe and in high-risk but politically convenient areas like Fishermans Bend lowers the overall sustainability of our state's housing stock.

Established, inner-city suburbs are almost always more climate resilient, and should be densified so that future Victorians can live safely and securely across our state.

Abolish arbitrary planning rules with outsized climate impacts, such as heritage controls which prohibit the upgrade of existing housing stock.

Changes in this vein should include but not be limited to:

- Reform heritage protections to permit easier retrofitting, including the installation of double glazed windows, split-system heating, and solar panels.
- Remove all upper-level setback requirements for buildings less than 76 metres tall across the Victorian planning scheme

- Reform the planning system to establish a hierarchy of considerations, such that climate, housing quality, and housing supply concerns outweigh those of heritage and neighbourhood character.
 - Reassess all planning rules against this reformed hierarchy of considerations.

[The full submission to the Climate Resilience Inquiry is available here.](#)

Submission: Local Government Inquiry (July 2024)

This submission underlines how Victorian councils can be incentivised to share the pro-growth perspective of federal and state governments.

We argue that the rate cap has locked in inequality between councils, disproportionately and negatively affecting high-growth councils which may struggle to provide for their increasing population. We highlight the need for collaboration at all levels of government in order to bring about the conditions that enable abundant housing including more social housing.

Relevant recommendations

Abolish the local government rate cap, and set rates based on land value, rather than capital improved value.

Local councils are locked in to delivering rates equivalent to what they were delivering at the time the rate freeze came into effect.

This entrenches inequality between councils, and leaves them unable to respond effectively to changes in infrastructure demand and demographic changes.

Realign revenue from state government initiatives such as the Development Facilitation Program (DFP) to reduce adversarial relationships between state and local government bodies.

Councils need to be compensated for work done by council officers. Programs such as the Development Facilitation Program, while intending to reduce workloads for councils, lowers council revenue, and incentivises councils to avoid allocating resources towards major DFP projects.

Amend the Local Government Act 2020 to require cost-benefit analyses for significant proposed policy and rule changes.

Planning tools and restrictions are often imposed with little analysis to back them up. This leads to the implementation of policy that fails to account for costs, and has impacts unaccounted for by the authorities implementing them.

Accountability has to be introduced to the planning system at all levels, to ensure policy is driven by evidence, with the goal of bettering our cities materially.

Amalgamate all Greater Melbourne councils into a metropolitan-wide government in the style of that seen in Auckland, Brisbane and London.

Larger council areas can undertake more coherent and efficient service delivery, particularly when many existing services already cross council borders. Amalgamation would reduce unnecessary duplication of services, granting the benefits that come with greater economies of scale, as well as increased bargaining power for the amalgamated council on behalf of its residents.

[Full submission available here.](#)

Submission: Minimum Rental Standards (June 2024)

YIMBY Melbourne's submission to the new Minimum Rental Standards highlighted the disempowered position renters have within a supply shortage, with little bargaining power due to the low rental vacancy rate.

Relevant recommendations

Require the disclosure of NatHERS ratings on all residential rental properties.

It is currently a requirement prior to leasing or sale of a commercial property to disclose the NABERS rating of said property. This requirement should be extended to all residential properties going up for sale or rental, with a verified NatHERS rating required to accompany any property listing. This will empower renters and incentivise the increased quality of our housing stock.

The improvement of rental and general housing stock standards should supersede nebulous heritage concerns.

Implement proposed minimum rental standards with energy efficiency rules that supersede local heritage controls which prevent or require permits for upgraded heating and cooling systems, modern glass window glazing, solar panels, and other energy efficiency upgrades.

[The full submission to the 2024 Minimum Rental Standards is available here.](#)

Submission: Rental Crisis Inquiry (August 2023)

Our previous submission concerning the Inquiry into the rental and housing affordability crisis in Victoria outlined a positive vision for a 'bigger, better, and more sustainable Melbourne' through allowing higher density as a means to create housing abundance and thus more affordable homes.

Noting tight vacancy rates, a lack of available social and affordable housing as well as the rapid growth in median rental prices, YIMBY Melbourne suggested that existing planning controls and a vocal opposition of a minority within local councils had contributed towards housing scarcity.

To alleviate these issues our submission outlined the need for the state government to set minimum housing targets with the capacity to influence local council decision making through both incentives and disincentives. This initial recommendation would be expanded and built upon through more recent YIMBY Melbourne reports.

Relevant recommendations

Remove car parking minimums.

There is no justification for parking minimums. Car parking can and should be decided by the market, without the need for an excess capacity mandate that makes housing more scarce and expensive, and induces demand for car usage by Victorians who might otherwise go without.

[The full submission to the Rental Crisis Inquiry is available here.](#)

Submission: Stamp Duty Inquiry (April 2023)

YIMBY Melbourne's submission to Victorian Legislature's Inquiry into Land Transfer Duty Fees echoed the widespread agreement reached through previous tax reviews, white papers and inquiries such as the Henry Tax Review (2010), ACT Taxation Review (2012) and the NSW Productivity Commission's 2021 White Paper that stamp duties are inefficient and inequitable taxes that should be replaced.

Our submission noted how stamp duty prevented families and individuals from taking advantage of better employment and educational opportunities and acted as a barrier to increasing housing supply through the high upfront cost it imposed on buyers along with its distortionary impact on efficient and higher density land use, such as through disincentivizing downsizing.

Also of concern was its unpredictable impact on governmental finances, making future budgetary planning difficult due to stamp duty's revenue being dependent on housing prices and the number of homes transacted.

Relevant recommendations

Incentivise better urban outcomes by replacing stamp duty with a broad based land value tax, phased in over time.

Phase out harmful stamp duty charges and implement a land value tax in line with the recommendations of NSW Productivity Commission's 2021 White Paper (Recommendation 6.1) and the House of Representatives Standing Committee on Tax and Revenue's 2022 report, *The Australian Dream* (Recommendation 9).

[Full submission available here.](#)

Conclusion

This submission briefly outlines all of our research and advocacy to date, focusing on the recommendations most relevant to the success of the new Plan for Victoria. To drill down into any given individual point, consult the original document.