Research note: the Activity Centre Program is redistributive

Through a focus on building in established areas, the Activity Centre Program is an opportunity to redistribute wealth and means to a greater number of Victorians.

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Executive summary

- The government's new activity centres are concentrated in areas with declining numbers of children, high socioeconomic status, and high levels of segregation
- Prior research from YIMBY Melbourne shows a direct correlation between housing growth and the increase in the number of children.
- Allowing more housing choices in higher status and more highly segregated areas would allow more people the opportunity to live in these areas.
- Taxpayers currently subsidise transport infrastructure regardless of where they live—transit-oriented development allows more people to benefit from it directly.
- All of the above has positive implications for equitability

Policy context: a meaningful intervention

Throughout 2024 and 2025 the Victorian Government has been releasing more details about their flagship housing policy: the Activity Centre Program.

The program will enable more homes to be built in and around 60 activity centres across Melbourne, with the majority of those centred around train and tram lines, with good access to jobs and services.

This represents one of the most meaningful policy interventions in Victoria's urban planning history. Much ink of opinion has been spilled on this program, though little public quantitative work has been undertaken by proponents and critics alike.

This research makes a small contribution to this discourse by exploring the Activity Centre Program (ACP) in the context of equitability in Victoria.

More affordable housing options means more homes for young families

YIMBY Melbourne previously conducted analysis (see Appendix 1) on the correlation between building approvals and the population of children across the Greater Melbourne area. This research was published in The Age in 2024.

Our analysis found a strong positive correlation between the number of building approvals and the change in the population of children in Local Government Areas. This correlation was demonstrated clearly in both growth suburbs and the City of Melbourne—the two area categories with the highest building approvals—which both significantly increased their population's proportion of children. Inner- and middle-ring suburbs, meanwhile, saw declines in proportion of children in their respective populations, correlated directly against their lower rates of building.

The City of Melbourne (CoM) saw an increase of more than 1,300 children from 2016-21 and had the most significant relative increase in children from 2016-19, at 23%—more than anywhere else in the state—as it approved 15,596 buildings from 2016-19 and 21,340 from 2016-21. This substantial increase in children in CoM comes mainly from the suburbs of Melbourne (the CBD), Southbank, and Docklands. This demonstrates something we knew implicitly: that families do, in fact, live in apartments, despite what is commonly implied in mainstream discourse.

On the other end of the scale, the City of Boroondara saw one of the most significant drops from 2016-21, declining by 1,875 children (more than 6%). Between 2016 and 2019, Boroondara lost 3% of all its children, the largest drop in the Greater Melbourne area (excluding semi-rural Nillumbik Shire Council). On a suburb level, the City of Stonnington saw its lowest decline of children in South Yarra—the council's highest density and most rapidly growing area.

Following the initial Activity Centre Program announcement last October, we found that 23 of the 25 first-announced activity centres were placed in areas where child populations declined between the 2016 and 2021 censuses.

After the next batch of activity centres was announced in February, we found that 21 of the 23 new activity centres—excluding the mega Melbourne and Yarra activity centre—were also located where child populations declined between the 2016 and 2021 censuses.

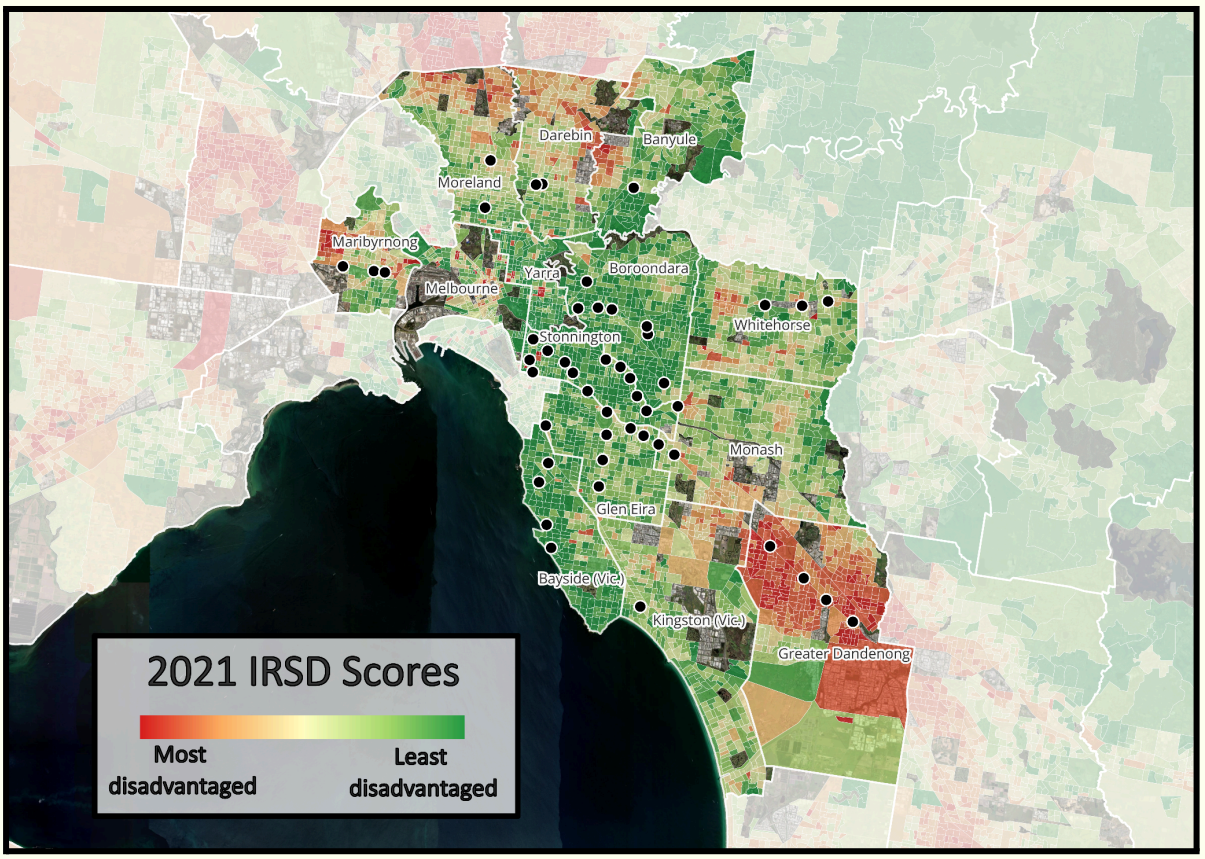
A total of 44 of 48 individual Activity Centre stations are in places where the population of children has been on the decline.

This suggests that the majority of the announced Activity Centres are well-targeted areas, where a lack of housing choice has reduced new families' abilities to establish their roots in these communities. Upzoning, and enabling more affordable housing choices, then, is a fundamentally pro-family policy, as the data demonstrates.

The Activity Centre Program opens up housing choice Melbourne's wealthiest areas

The initial reaction to the Activity Centre Program centred around the idea that the Victorian Government has targeted "affluent suburbs" for rezoning. But is this actually true?

We used the ABS Index of Relative Socioeconomic Disadvantage (IRSD) to test this, which measures relative disadvantage across multiple variables, such as income and qualification level. As seen in the graphic below, the broad majority of announced activity centres (black dots) are located in areas with very low levels of disadvantage.



Out of the initial 25 activity centres, 22 are in areas of mostly very low disadvantage. Only Tottenham and Middle Footscray (City of Maribyrnong), Oakleigh (City of Monash), and Nunawading (City of Whitehorse) are in areas of low disadvantage.

While the second tranche of activity centres includes some lower socioeconomic areas like Greater Dandenong, the centres are still predominantly sited in areas with relatively little disadvantage.

Excluding semi-rural Nillumbik, Melbourne's five least disadvantaged LGAs have activity centres marked for upzoning. **In fact, the majority of declared activity centres are located within Victoria's top 50% least disadvantaged LGAs.**

IRSD Scores of LGAs hosting Activity Centres

Rank	LGA	Number of Activity Centres	Score	Percentile
In the bottom 50% of Victorian LGAs	Greater Dandenong	4	887	99th
In the top 50% of Victorian LGAs	Maribyrnong	3	1010	40th
	Melbourne	1	1017	37th
	Darebin	2	1018	35th
	Merri-bek	2	1027	26th
	Monash	2	1042	18th
	Whitehorse	3	1043	16th
	Kingston	1	1044	15th
	Yarra	1	1046	14th
	Banyule	1	1058	11th
In the top 10% of Victorian LGAs	Glen Eira	7	1075	8th
	Stonnington	12	1084	5th
	Boroondara	7	1090	1st
	Bayside	4	1090	1st

A novel test of inequality: the Segregation Index

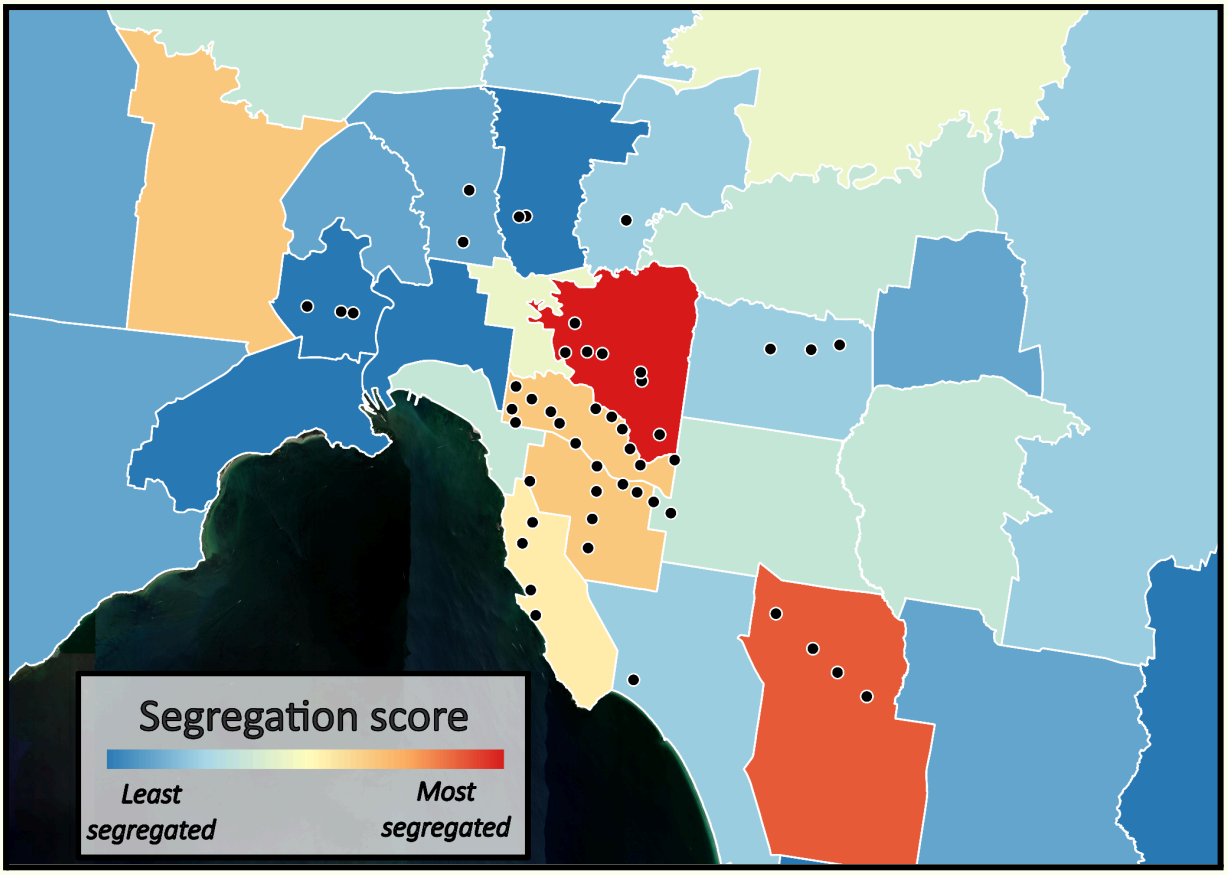
In the penultimate section of this research note, we demonstrate inequality through the **Segregation Index**.

Here, we define segregation as the overrepresentation of any given socioeconomic group.

Less segregated areas have residents from a diverse range of socioeconomic levels. More segregated areas have overrepresentation of any group.

Key to remember is that the segregation score does not indicate advantage or disadvantage specifically—it measures an overrepresentation of one or the other when compared to the broader population.

The methodology section at the end of this report explains how we calculate the index.



The new activity centres are primarily located in areas with relatively high segregation scores, such as the City of Boroondara, which has the highest segregation score in the state. Together with Stonnington, Glen Eira and Bayside, these LGAs feature a significant underrepresentation of lower socioeconomic groups.

Allowing more housing choices—especially cheaper options such as apartments and townhouses —in these areas would allow many of those currently “locked out” to call these LGAs home and, in the process, could help reduce economic segregation.

Top ten segregated LGAs

Ranking	Local Government Area	Number of Activity Centres	Segregation Score	IRSAD Rank in Vic.
1	Boroondara	7	0.009374987	Top 10%
2	Greater Dandenong	4	0.008049214	Bottom 10%
3	Brimbank	0	0.006264167	Bottom 20%
4	Stonnington	12	0.006169495	Top 10%
5	Glen Eira	7	0.00600748	Top 10%
6	Bayside	4	0.005555843	Top 10%
7	Nillumbik	0	0.004204386	Top 10%
8	Yarra	1	0.004073894	Top 10%
9	Hume	0	0.003569656	Bottom 30%
10	Monash	2	0.003435638	Top 20%

All Victorians subsidise property values near public transport

Successive Victorian Governments have invested hundreds of billions of dollars into expanding and improving our public transport infrastructure. While many Victorians across the board have greatly benefited from these investments, those closest to our train and tram stops have benefited the most.

This is especially true for those lucky enough to own land nearby. Researchers found that “the completion of a level crossing removal leads to an increase of 9% in house value, on average, within the area surrounding the site. This positive impact diminishes as the distance from the site increases. It vanishes beyond 1,400 metres.”

But those living near a removed level crossing did not contribute anymore to the project than any other taxpayer. Rather, the community as a whole paid much of the cost through general taxation, regardless of whether they own property nearby the location in question.

This creates an unequal dynamic: people who don't own homes are effectively helping to increase homeowners' property values by contributing to transport improvements through their taxes.

There are many complex tax and levy ideas pitched to redistribute the uplift new infrastructure provides. But the simplest way to redistribute an increase in land value is

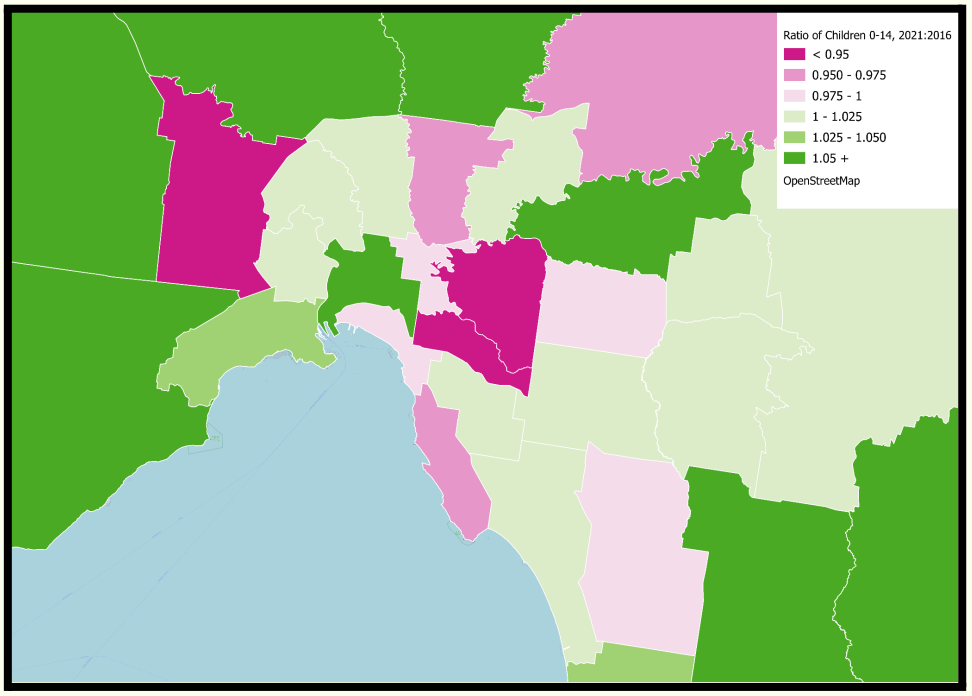
to enable more people to live on that land. By upzoning and allowing more homes to be built around transport and infrastructure, the Victorian government is giving more people than ever before the opportunity to share in the uplift that good policy and city-building provides.

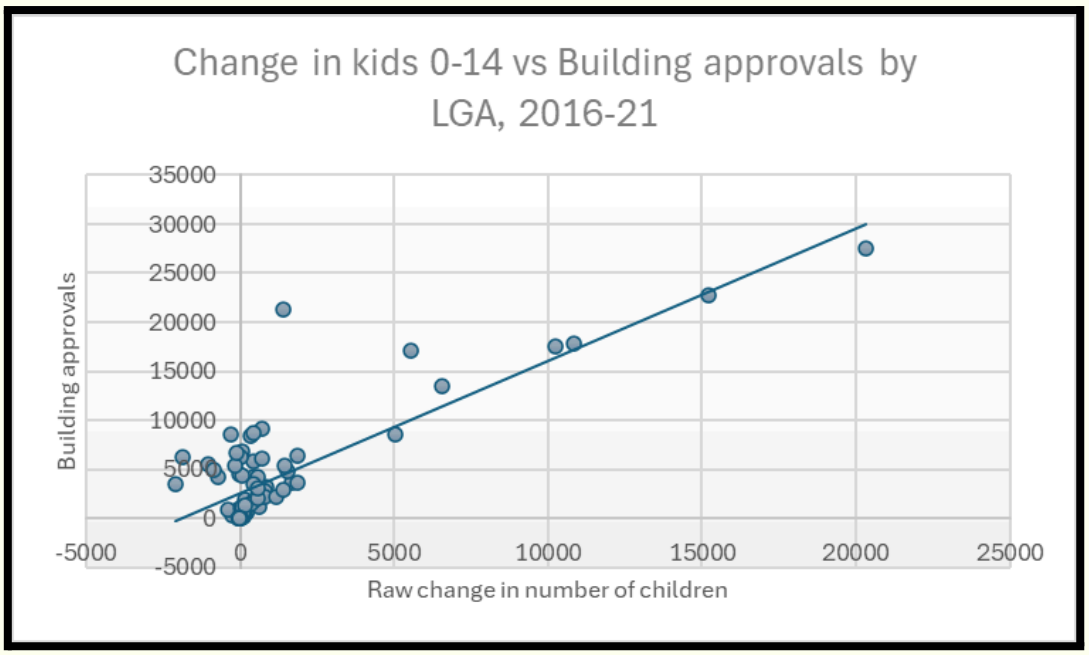
Appendix 1: Melbourne Change in Children vs Building Approval Research

Key findings:

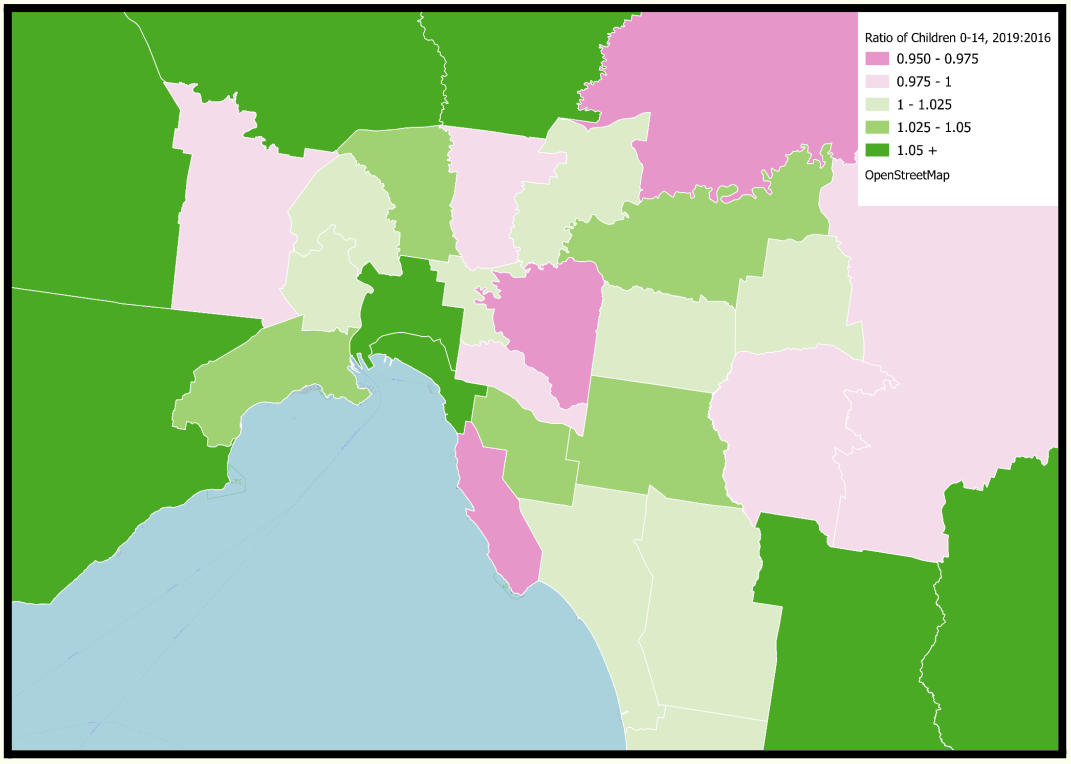
- The growth corridors and the City of Melbourne have seen significant increases in children, while many inner- and middle-ring suburbs have declined.
- There is a strong correlation between building approvals and the change in children.
- Both of these trends pre-date COVID-19-related shifts.
- The City of Melbourne (CoM) added more than 1,300 children from 2016-21 and had the most significant relative increase in children from 2016-19, at 23%—more than anywhere else in the state. This substantial increase in children in CoM comes mainly from the CBD, Southbank, and Docklands—a huge sign that families do in fact live in apartments
- This is while the City of Boroondara saw one of the biggest drops in children from 2016-21, losing 1,875 children. Between 2016 and 2019, Boroondara lost 3% of all its kids, the largest drop in Greater Melbourne excluding semi-rural Nillumbik. From 2016-21, Boroondara lost over 6% of all its kids, only being matched by Stonnington in the Greater Melbourne area.
- On a suburb-level, Stonnington saw its smallest decline in South Yarra—the highest density and most rapidly growing area.

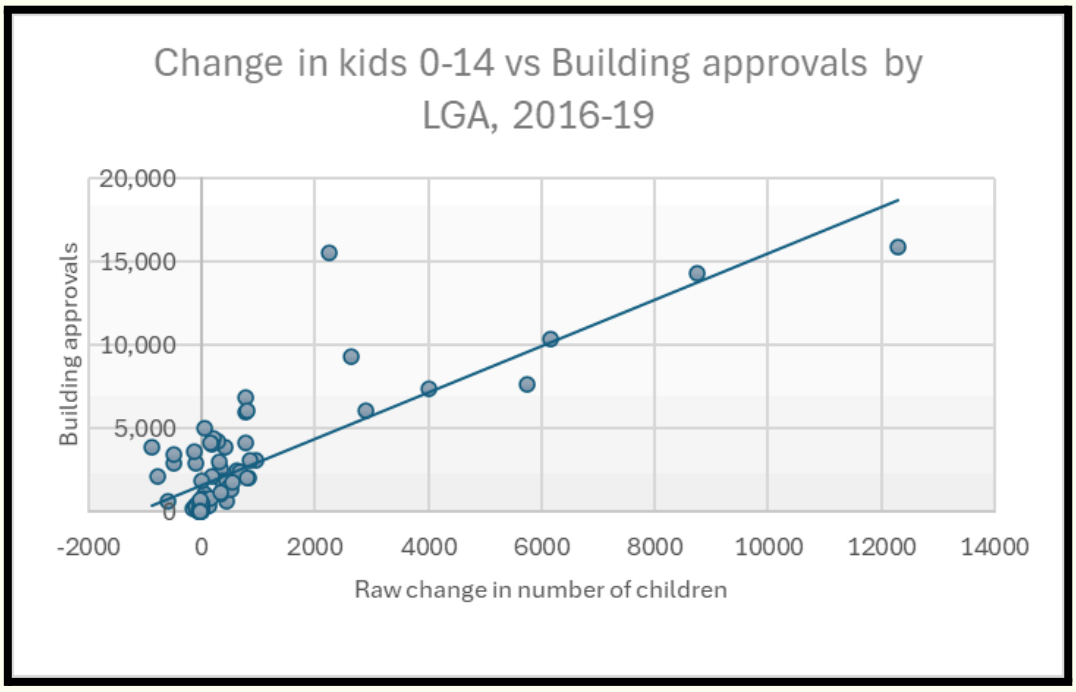
As shown in the map below (green representing growth in kids; pink representing a decline), the number of kids in outer suburban areas and the City of Melbourne grew significantly. In contrast, many inner and middle-ring LGAs declined.



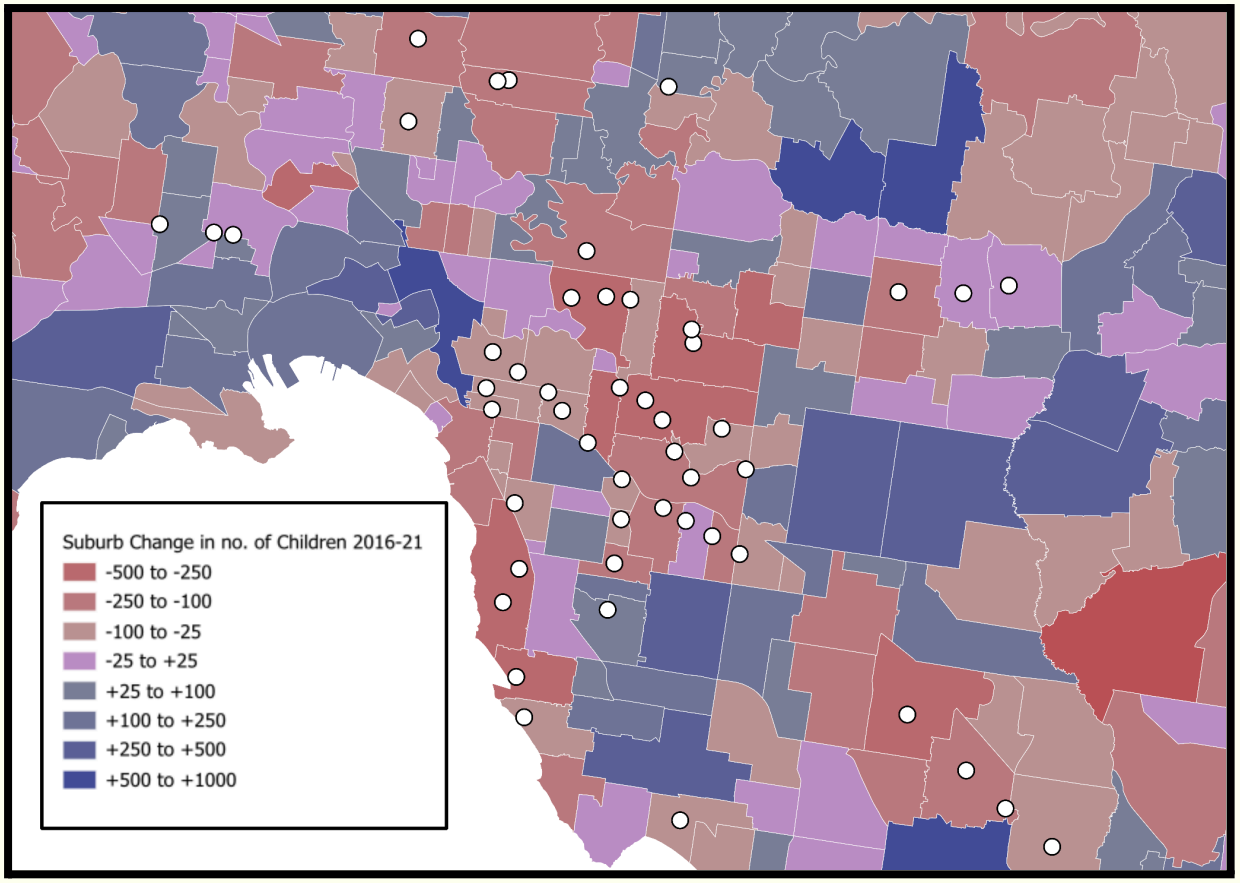


As shown above, there is a strong correlation(R^2=0.66) between building approvals during this period and the change in the number of kids when measured across all of Victoria.





To ensure that the pandemic didn't affect these results, we ran the same analysis using yearly population estimates from 2016 to 2019. As can be seen, the trends are practically the same(R^2=0.65).



Finally, here's a map of the raw change in the number of children from 2016-21 by suburb.
(The activity centres are overlaid as white dots.)

As can be seen, the City of Melbourne's growth came from its most high-density areas: the CBD, Docklands, and Southbank. The City of Melbourne's boom came as many inner-city suburbs went into decline, particularly around the inner east, where most City of Boroondara suburbs (each) lost hundreds of children.

Appendix 2: Segregation Methodology

The segregation index measures the socioeconomic diversity of a given area using ABS SEIFA data, which contains several different indices of socioeconomic status. The segregation scores have only been compiled for the Index of Relative Socioeconomic Disadvantage.

We used IRSD for two reasons. Firstly its focus on relative disadvantage ensures that the data is not sensitive to factors in IRSAD that get distorted in higher density areas such as the percentage of people over 15 at university or other tertiary institutions. Secondly, IRSD means we only look at factors people could be disadvantaged by and provide only 1 dimension of scale to work with rather than having 2 scales overlap each other (which could make it look less segregated than it is).

The ABS has assigned each SA1 a score and divided them into deciles. They also tabulate the number of SA1s within each decile for a range of geographies. If an area is perfectly socioeconomically integrated, there should be an even 10% of SA1s within each decile.

The deviation from the expected distribution of SA1s is calculated using a measurement known as Theil's H (see here for an explanation of Theil's H). This measurement weights for population since larger areas even with a small amount of deviation, still have a larger segregation impact given the population contained within, all else being equal and vice-versa.

These segregation scores can be calculated for a range of geographies, including ABS Statistical Areas, LGAs, and federal and state electorates. However, the scores are less reliable in very small geographies with few SA1s. However, Greater Melbourne has no LGAs with less than 10 SA1s, so none warrant being excluded from the analysis.