

It's time to plan for the housing Melbourne needs

**Submission to the Select Committee Inquiry into Victoria Planning Provisions
amendments VC257, VC267, and VC274**

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Summary

There are few things as important to people's lives as safe, secure, affordable housing. But housing in Victoria, and especially in Melbourne, is increasingly expensive. Too many people can't find a home close to where they want to live and work. Fewer now have a home to call their own. And many Victorians struggle to find a home at all: about 31,000 reported being homeless on Census night in 2021.

At the heart of the problem is the fact we just haven't built enough homes to meet the needs of a growing population. This is especially true in places where people most want to live: close to jobs, transport, schools, and other amenities. Land-use planning rules in Victoria are highly prescriptive, and particularly restrict construction of townhouses and apartments in established suburbs.

Past Victorian state and local governments have restricted these kinds of medium- and high-density developments to appease local opposition. About half of all residential land in Melbourne is zoned for housing of three storeys or less. The politics of land-use planning – what gets built and where – favour those who oppose change. The people who might live in new housing – were it to be built – don't get a say.

The result is a vast 'missing middle': hectares of prime inner-city land, close to jobs and transport, rising barely taller than two storeys. Melbourne is one of the least dense cities of its size in the world. The flow-on effect is high prices and rents, falling populations across swathes of Melbourne's most affluent suburbs, a stagnating economy because fewer people can live close to jobs, and further expensive and environmentally damaging sprawl into farmland and floodplains.

The Victorian Government's recently-announced land-use planning reforms seek to overcome the local politics of planning by taking

greater control of land-use planning in key locations. The Activity Centre Program will deliver much-needed high- and medium-density housing around 60 rail stations and other key transport hubs. The new Townhouse and Low-Rise Code will streamline development approval processes for developments in residential zones across the state, with greater codification and less subjective assessments.

Victorian Planning Provisions amendments VC257, VC267, and VC274 are critical pieces of this reform program and should not be impeded.

These reforms have the potential to unlock hundreds of thousands of extra homes in the coming decades in areas with some of the best infrastructure, amenities, and public spaces. These reforms are necessary because many local councils have been unwilling to allow sufficient housing to be built in those scarce inner-city locations where Melburnians most want to live, thereby pushing up housing costs and forcing many lower-income families to look for housing elsewhere.

These changes do not dictate where housing must be built in Melbourne: they simply permit more housing where demand for housing is highest. Unsurprisingly, the Victorian Government's plans have met resistance from some local councils. But the reforms remain popular with the community as a whole.

Directly up-zoning well-located land and better codifying what is allowed to be built are the most direct ways to expand the housing choices available to Melburnians. The Victorian Government should stay the course on this reform agenda in the face of council opposition. The reforms also warrant the support of the Parliament.

These reforms are about allowing more homes, and creating a better, healthier, and more vibrant Melbourne. Current and future residents of Melbourne can afford no further delay.

1 Housing has become less affordable in Victoria

In 2001, the median dwelling in Melbourne sold for about five times the median household income. By 2024 that home cost seven times median household income. In regional Victoria, too, house prices have risen faster than wages.¹

Low-income renters in Victoria are doing it especially tough: the typical renter spent 33 per cent of their income on housing in 2019-20, while one in five spent more than half of their income on rent.² And many Victorians struggle to find a home at all: about 31,000 reported being homeless on Census night in 2021.³

The pandemic and its aftermath made our housing problem worse. Rental vacancy rates are at record lows and asking rents (that is, for newly advertised properties) have risen fast – by about 20 per cent in Melbourne in the past four years.⁴

And despite a brief dip, Melbourne house prices are still up by 13 per cent since the pandemic,⁵ and many observers expect rents and house prices to keep rising.

We haven't built enough housing to meet rising demand

At the heart of the problem is the fact we just haven't built enough homes to meet the needs of a growing population, especially homes in places where people most want to live – that is, in established suburbs close to jobs, transport, schools, and other amenities.

Australia has among the least housing stock per adult in the developed world, and is one of only a handful of developed countries in which housing stock per capita has not increased over the past 20 years (Figure 1.1). Melbourne is also among the least dense cities of its size in the world. Beyond its highly urbanised CBD, Melbourne's population density is rough half that of Toronto in the 2-to-10 kilometres from the city centre (Figure 1.2). And just 2.5 square kilometres of Melbourne has the same population density as the most dense 100 square kilometres of Paris.⁶

As a result, the populations of swathes of suburbs in Melbourne's affluent east and bayside areas – precisely the places so many Victorians want to live, but can't afford to – are *declining*.⁷

Land-use planning rules that constrain development in Melbourne have led to less medium- and high-density housing than Victorian residents actually want, while imposing additional costs on new purchasers and renters.⁸ Housing will only become more affordable for Victorians if more homes are built.

Victoria's overly prescriptive land-use planning system has denied many residents the housing they want and need

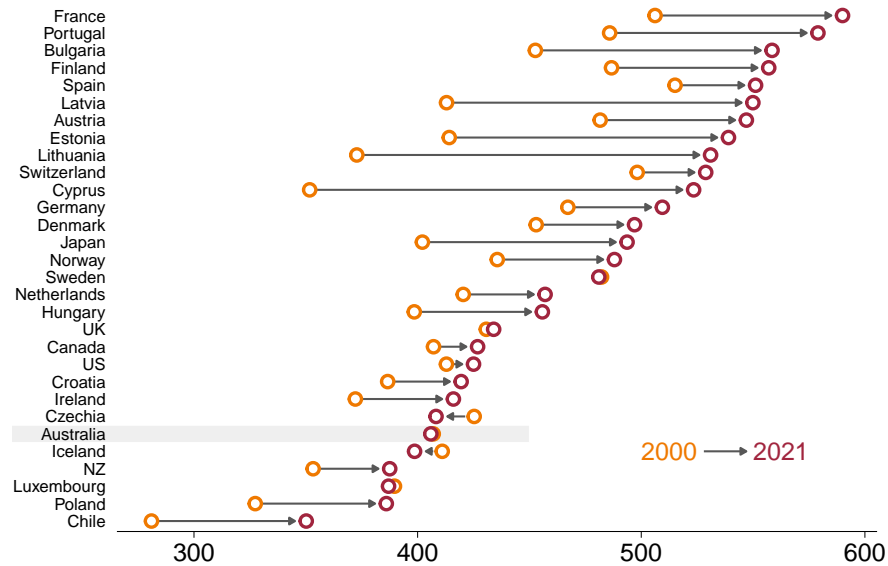
Land-use planning rules in Victoria are highly complex and prescriptive, and particularly restrict medium- and high-density developments in established suburbs. The Neighbourhood Residential Zone – the most restrictive residential zone in Victoria – covers more than 42 per cent of land within 10km of the Melbourne CBD. And 47 per cent of all

1. CoreLogic (2024). See Sathanapally et al (2025), Figure 5.1.
2. Excludes those in social housing. ABS (2022a, Table 8).
3. ABS (2021).
4. Sathanapally et al (2025, Figure 5.2).
5. ABS (2025).

6. YIMBY Melbourne (2023, p. 4).
7. Wade (2024).
8. Daley et al (2018, Table 3.2).

Figure 1.1: Australia's growth in housing stock in the past two decades has been among the lowest for developed countries

Dwellings per 1,000 people, 2000 and 2021 or latest

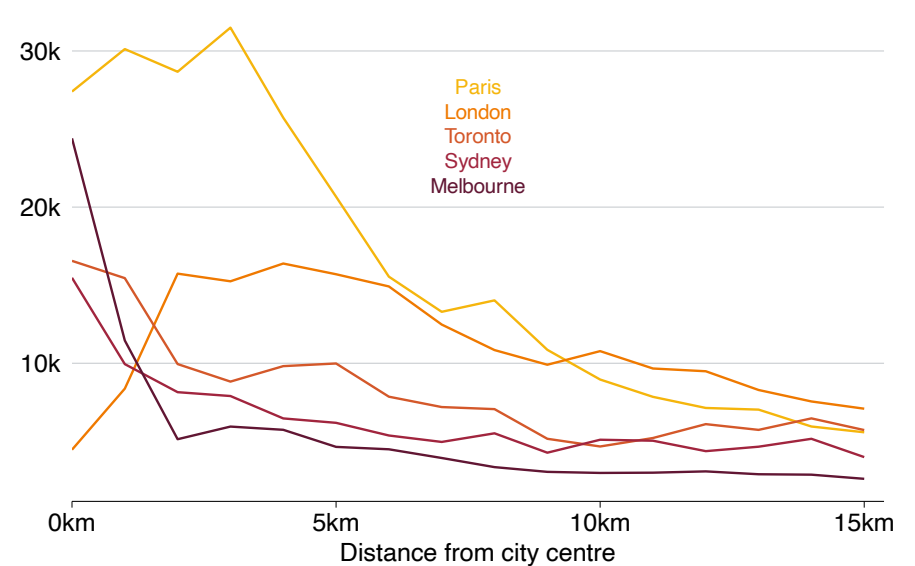


Notes: Figures are for total occupied and unoccupied dwellings. Data for 2021 series refer to: 2021 for Australia; 2020 for Austria, Denmark, Estonia, Finland, France, Ireland, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Sweden, UK, and US; and 2018 for all others. Data for 2000 series refer to: 1998 for Italy; 2001 for Australia, Austria, Bulgaria, Canada, Croatia, Czech Republic, Hungary, Luxembourg, New Zealand, Norway, Portugal, and Spain; 2002 for Chile and Latvia; and 2005 for Malta.

Source: Grattan analysis of OECD (2024) and ABS (2022b).

Figure 1.2: Outside of the CBD, Melbourne is much less dense than comparable global cities

Population weighted density, people per square kilometre



Notes: Data for Melbourne and Sydney are as at 2022. Data for Paris, Toronto, and London are as at 2020.

Source: Grattan analysis of Nolan (2024a).

residential land across Greater Melbourne is zoned for three storeys or less.⁹

Of course, land-use planning rules may be motivated by a desire to preserve the views of existing residents or prevent increased congestion. But the local benefits of restricting building in established suburbs need to be weighed against the costs of inadequate housing and extra urban sprawl.¹⁰

Reserve Bank researchers have estimated that restrictive land-use planning rules add up to 69 per cent to the price of detached houses and 30 per cent to the price of apartments in Melbourne, up sharply from 15 years ago.¹¹

More recent research from YIMBY Melbourne suggests that planning rules lead to substantial unmet demand in Melbourne, particularly in the inner-eastern suburbs. For example, in Boroondara, if six-storey apartment buildings were allowed, a developer could make an average 'superprofit' of \$160,000 per apartment even after allowing for a 20 per cent return on capital to the developer. This indicates high demand for these apartments, which are currently not allowed to be built.¹²

Councils argue that they have zoned sufficient land for further development.¹³ Yet much of this zoned capacity is merely theoretical: it is infeasible to develop, especially where that capacity is in areas zoned for low densities, once the cost of demolishing existing dwellings is taken into account.¹⁴

9. This includes the Neighbourhood Residential Zone, the General Residential Zone, and other similar zones. See: YIMBY Melbourne (2025, p. 4)

10. See Daley et al (2018) and Counsell (2025).

11. Kendall and Tulip (2018).

12. Nolan (2024b).

13. For example, the City of Boroondara estimated in 2016 that it had zoned capacity for 62,500 additional dwellings if developed to its full capacity based on current planning controls. See: City of Boroondara (2016).

14. Nolan (2024b).

It is a myth that most Victorians want a quarter-acre block. Many would prefer a townhouse, semi-detached dwelling, or apartment in an inner or middle suburb, rather than a house on the city fringe.

Semi-detached dwellings, townhouses, and apartments made up 32 per cent of Melbourne's dwelling stock in 2021, up from about 27 per cent in 2011.¹⁵ But this is still well short of the 52 per cent that residents say they want.¹⁶

These preferences were also reflected in work by Infrastructure Victoria, which found that 20 per cent of Melburnians would trade house and land size to live in an established suburb in a medium-density home, if it was available at a more comparable price.¹⁷

The key problem is that many local governments restrict medium- and high-density developments to appease the concerns of a vocal minority of local residents. The politics of land-use planning – what gets built and where – favour those who oppose change. The people who might live in new housing – were it to be built – don't get a say.

Development approval processes that permit a high degree of discretion also add uncertainty and cost, which results in less housing – and more expensive housing. Councils where residents are more politically active appear more reluctant to approve development. Councils have scope to reject new housing in part because the Victorian planning system aims to protect 'neighbourhood character', which is an inherently vague criterion open to differing interpretations.¹⁸

Dwelling development applications have historically faced longer delays in inner and middle-ring Melbourne council areas, where housing is in

15. ABS (2022b).

16. Daley et al (2018, Table 3.2).

17. Infrastructure Victoria (2023).

18. Rowley (2021).

greatest demand.¹⁹ And recent analysis by YIMBY Melbourne shows that approval rates are lowest for 'missing middle' projects that deliver between six and 50 new homes.²⁰

Victoria's planning system is also more open to third party reviews than in NSW, resulting in a higher proportion of planning decisions being appealed.²¹ Development applications in inner-city areas are more likely than outer-suburban applications to be reviewed by the Victorian Civil and Administrative Tribunal (VCAT). And applications that are reviewed typically take much longer to be finalised.

Historically, almost a third of all local council-assessed dwelling applications go to VCAT in Melbourne, Port Phillip, and Yarra councils.²² The delay involved in applying to VCAT increases developers' costs, which are often passed on to purchasers.

Reforming land-use planning rules would make housing cheaper

The Victorian Government has a bold plan to build 800,000 homes over the next decade.²³ Grattan Institute calculations suggest that building at that rate could reduce rents in Victoria from what they otherwise would have been by about 13 per cent, saving Victorian renters \$14 billion in total over those 10 years.²⁴

Boosting housing supply would especially help low-income earners. Irrespective of its cost, each additional dwelling adds to total supply, which ultimately improves affordability for all home buyers. Those

that move into the newly-built dwellings free up their existing homes, and so on, triggering moving chains that quickly free up extra housing supply in cheaper suburbs and for cheaper homes.²⁵ Initially expensive homes also gradually become cheaper as they age, and are sold or rented to people with more modest incomes. Grattan Institute research suggests that a 10 per cent fall in private market rents would reduce by 8 per cent the number of low-income households nationwide who are suffering housing stress.²⁶

This isn't merely theory. In 2016, Auckland – a city of 1.5 million – rezoned about three quarters of its suburban area to promote more dense housing, nearly doubling the city's dwelling capacity. Researchers later found that the policy had boosted the housing stock by up to 4 per cent compared to if the rezoning hadn't happened.²⁷ Most of this new stock was extra townhouses and small apartment buildings, rather than high rises (Figure 1.3 on the following page).

That extra housing reduced rents for two- and three-bedroom dwellings by at least 14 per cent, compared to if the rezoning hadn't happened, with the biggest fall in rents among cheaper dwellings. Unsurprisingly, rents in Auckland are lower now – after taking account of inflation – than they were in 2016, whereas rents across the rest of New Zealand are up by 10-to-15 per cent over the same period.²⁸ And upzoning supported a rapid expansion of social housing, which tripled as a share of all dwelling consents, from 3 per cent over the 10 years before the reform, to 10 per cent over the six years after.²⁹

19. Daley et al (2018, Box 6).

20. See Dunckley and Rooney (2024).

21. Daley et al (2018, Box 6).

22. Ibid (Figure 3.25).

23. Victorian Government (2023).

24. Coates and Moloney (2024). Past Grattan Institute work estimates that a 10 per cent increase in housing supply – that is, over and above the level needed to match population growth – would lower housing costs by 25 per cent. See Daley et al (2018).

25. For example, Mast (2023) finds that constructing a new market-rate building that houses 100 people ultimately leads 45 to 70 people to move out of below-median income neighborhoods, with most of the effect occurring within three years.

26. Coates et al (2020, p. 15).

27. Greenaway-McGrevy and Phillips (2023).

28. Greenaway-McGrevy (2023).

29. Greenaway-McGrevy (2024).

Auckland shows that planning systems must support much more zoned capacity than might be needed. Before the reform, central Auckland had zoned capacity for extra housing of about 1.5 times the existing population.³⁰ Yet there was still a housing shortage, because much of that extra zoned capacity was in areas where it wasn't economic to build.

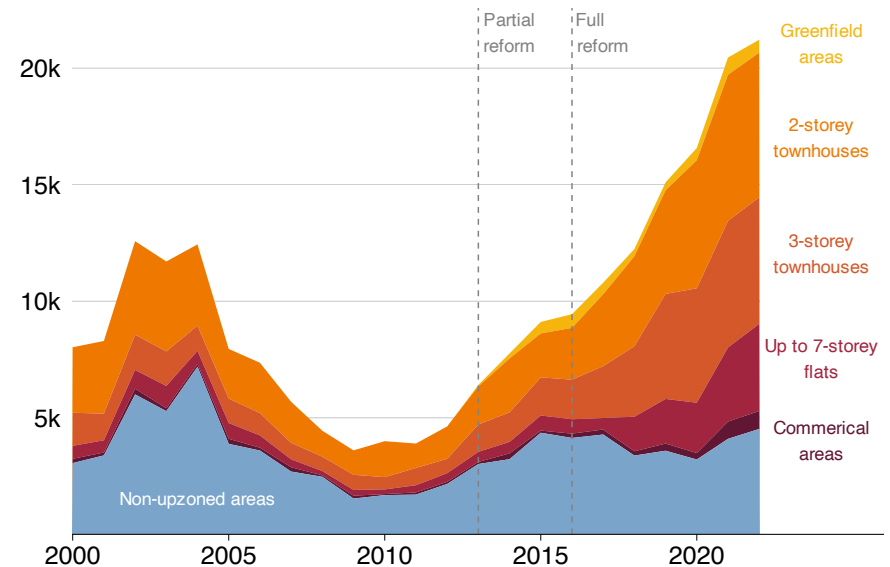
The rising cost of constructing new housing since the pandemic – especially higher-rise apartments – only increases the urgency of land-use planning reforms. The cost of constructing new housing in Australia have risen by 34 per cent since March 2020,³¹ but industry estimates point to an even larger rise in the cost of constructing higher-density dwellings.³²

But more housing can be made feasible by allowing greater density where people want to live. Planning constraints, especially zoning restrictions, make developable land scarce in these feasible areas, pushing up the cost of acquiring sites for development.³³ And streamlining development approval processes, as the Victorian government's reforms do, can reduce uncertainty and cost, reducing the return on capital that developers require and making more developments feasible.

Building more housing in established suburbs is also cheaper for Victorian taxpayers: it costs between two and four times less to service a dwelling in an established suburb with infrastructure than it does for a new home on the suburban fringe.³⁴

Figure 1.3: Auckland had strong growth in townhouse construction after 2016 reforms

Annual dwelling approvals in Auckland by zone type



Notes: 'Partial reform' refers to the Special Housing Areas and Auckland Housing Accord, launched in September 2013. 'Full reform' refers to the final Auckland Unitary Plan, which became operational in November 2016.

Source: Greenaway-McGrevy (2023).

30. New Zealand Infrastructure Commission (2022, Figure 2).

31. Grattan analysis of ABS (2024).

32. Rajaratnam et al (2024), and Charter Keck Kramer (2024).

33. NSW Productivity and Equality Commission (2024, p. 11).

34. Infrastructure Victoria (2019).

Building more housing where residents want to live would enrich the lives of Melburnians

People are more productive when they congregate together. Research in various global economies has found that workers in larger and denser cities earn more than their small-city counterparts, and are more productive.³⁵ Recent research by e61 Institute found that the incomes of young Australians who moved into a capital city from a regional area rose by \$15,000 more than young people in the same industry who remained in the regions.³⁶

Moreover, if done well, urban density can enhance neighbourhood amenity and contribute to Melbourne's social fabric. By focusing development in existing residential areas, infill housing can help to accommodate population growth while protecting local green spaces and key heritage sites.

Increased density can also help to encourage everyday interactions, and foster greater understanding between individuals from different backgrounds.³⁷ Similarly, development that integrates housing with shops and shared spaces provides more opportunities for casual encounters, helping residents build stronger local connections.³⁸

Several cities with similar populations but higher population densities – such as Vancouver, Toronto, and Vienna – outrank Melbourne on quality-of-life measures.³⁹

Increasing urban density would reduce inequality

Allowing more townhouses and apartments in existing suburbs would also reduce inequality within Melbourne.

- 35. NSW Productivity Commission (2024, p. 24).
- 36. Brennan et al (2024, Figure 4).
- 37. Civelli et al (2022).
- 38. Sonta and Jiang (2023).
- 39. NSW Productivity Commission (2023).

Building more apartments means households with different levels of income can enjoy the benefits of the same location. Of the 50 most recently announced activity centres, 60 per cent are in the richest 10 per cent of the state's local government areas, such as the suburbs of Brighton, Camberwell, Hampton, Hawthorn, Kew Junction, Malvern, Prahran, Glen Huntly, and Sandringham. More than 90 per cent of the activity centres are within the top 50 per cent of advantaged areas, based on the ABS index of relative socio-economic disadvantage.⁴⁰

While townhouses and apartments in affluent areas of Melbourne are not necessarily cheap to buy or rent – since they are newly built – they are typically much cheaper than the freestanding homes that they replace.⁴¹ Whereas when housing is expensive, most low-income households have no choice but to live where jobs are harder to come by, where transport options are limited, and where public amenities such as parks and the beach are less accessible.

Better-located housing reduces carbon emissions

Reducing Melbourne's carbon emissions would become easier if the city became denser, rather than continuing to sprawl further outwards.⁴² Higher-density cities generally have lower emissions per person, particularly if density is more evenly spread across the urban area.⁴³

This is primarily because more compact cities mean shorter daily trips for residents, making it easier for people to switch from car use to low- or no-emissions modes of transport. One study from the US found that doubling the density of an urban area reduced vehicle use by half.⁴⁴

- 40. This analysis excludes the first 10 activity centers announced by the Victorian Government. Epa (2025).
- 41. For example, the median price for a freestanding home in Melbourne is \$1,036,000, compared to just \$550,000 for the median unit. See Domain (2025).
- 42. Shuaib Lwasa et al (2022), and Glaeser and Kahn (2008).
- 43. Castells-Quintana et al (2021), and Ribeiro et al (2019).
- 44. S. Lee and B. Lee (2020).

2 The Victorian Parliament should back in the Victorian Government's recent planning reforms

The Victorian Government's recently-announced planning reforms seek to permit more housing in the established suburbs of Melbourne. The reforms have attracted criticism, but the Government should stay the course if it wants to meet the *Housing Statement* target of 800,000 new homes by 2034.⁴⁵

The Victorian Government's planning reforms are a huge step forward

The Victorian Government's reform agenda of up-zoning around key transport hubs and providing more certainty for development applications will lead to more homes for Victorians.

The three Victorian Planning Provisions amendments the Select Committee is considering are key parts of that agenda:

- Amendment VC257 introduces the Housing Choice and Transport Zone (HCTZ) and the Built Form Overlay
- Amendment VC267 streamlines the planning assessment process for medium-density residential developments across the state
- Amendment VC274 introduces a new Precinct Zone (PRZ).

The **Housing Choice and Transport Zone** will allow for more density within 800 metres of the 60 identified Activity Centres.

HCTZ has two sub-zones. HCTZ1 will allow buildings up to 13.5 metres or four storeys tall, or 21.5 metres and six storeys if the site is a 'large site' (at least 1,000 square metres with a frontage of at least 20

metres).⁴⁶ HCTZ2 will allow buildings up to 11 metres or three storeys tall, or 13.5 metres or four storeys on a large site.⁴⁷

In comparison, the zones that the HCTZ will typically displace are much more restrictive. The Neighbourhood Residential Zone (NRZ) typically only allows up to nine metres or two storeys, and the General Residential Zone (GRZ) typically only allows 11 metres or three storeys.

Additionally, unlike the two existing zones above, the HCTZ does not reference 'neighbourhood character' in its stated purpose, which has historically been wielded in arbitrary ways to stymie developments even if they meet the height restrictions. However, notice and third-party appeal rights remain.

The **Built Form Overlay** will standardise planning controls in activity centre 'cores'. It is what will enable higher-density development in the core of the 60 identified activity centres. Various height limits of up to 20 storeys in the largest activity centres will be permitted.

Development applications in overlay areas are generally exempt from notice and third-party review requirements, and developments that meet the accompanying built-form standards – which may include heights, setbacks, overshadowing, etc – will generally be 'deemed-to-comply'.

Amendment VC267 inserts new clauses, 55 and 57, in all local planning schemes. Clause 55 relates to two or more dwellings up to three storeys on a lot, and clause 57 relates to two or more dwellings of four storeys on a lot.

46. Large sites can be produced by amalgamating smaller sites.

47. Buildings may exceed maximum building heights in some circumstances. For example, if it is replacing a building that exceeds the maximum height already.

45. Victorian Government (2023).

Clause 55 represents a new **Townhouse and Low-Rise Code**. This Code will provide a 'deemed-to-comply' certainty across essentially all residential zones in Victoria – not just the 60 identified Activity Centres.

Critically, the new Code effectively codifies neighbourhood character via specific standards for things like height, setbacks, site coverage, etc. This bypasses overly restrictive Neighbourhood Character Overlays (NCOs), and removes the arbitrariness and uncertainty associated with having council planners act as the subjective judiciary on what constitutes neighbourhood character.

For example, this means that if a development application for townhouses meets the set of standards laid out in the Code, the objectives of the Code are deemed to be met and the development can proceed unimpeded.

Clause 57 represents the 4-Storey Apartment Standards, aiming to extend the same general approach of codification, although neighbourhood character standards are not codified under this pathway.

The **Precinct Zone** (PRZ) is a special-purpose zone designed for priority precincts. There are 15 priority precincts, which include the first seven planned new stations for the Suburban Rail Loop (SRL). Heights vary depending on the precinct. For example, the SRL East Draft Structure Plan for Monash has heights up to 25 storeys, and the plan for Box Hill goes up to 40 storeys. Complying development applications in the PRZ will be exempt from notice and review requirements.

The implementation of the Housing Choice and Transport Zone, the Built Form Overlay, the new Townhouse and Low-Rise Code, and the Precinct Zone will permit more homes in well-located areas. This means more Melburnians will get to live in established suburbs, closer to jobs, transport, and families, rather than on the urban fringe.

These reforms should not be impeded

Up-zoning and codifying standards – as these amendments do – are the most direct and immediate ways to boost housing supply in Melbourne, providing more housing choice and cheaper homes for all Melburnians, while also reducing carbon emissions.

These reforms borrow from best-practice urban planning policies in a range of other jurisdictions. The introduction of Housing Choice and Transport Zone areas within walking distance of key public transport corridors mirrors transport-oriented zoning reform efforts in cities such as Sydney, Zurich, and Sao Paulo.⁴⁸ And codification of zoning provisions and limitations on third-party appeals are already commonplace across Australian states and territories.⁴⁹

These changes do not dictate where housing must be built in Melbourne. Instead they permit more housing to be built where Melburnians most want to live: in the established suburbs. These reforms will only result in more housing being built in these locations if there is sufficient demand for it. The high prices that Melburnians already pay to buy or rent a house, townhouse, or apartment in an established suburb shows that this demand is there.

These changes are necessary because many local councils, especially those closest to the city, have been unwilling to allow sufficient housing to be built in those well-located areas where Melburnians most want to live.

48. Coates (2024), Buchler and Lutz (2024), and Anagol et al (2023).

49. For instance, NSW allows some multi-dwelling projects to receive fast-tracked approval under 'complying development codes', code-assessable developments in Queensland do not require public notification and are not subject to third-party appeals, and WA does not permit third party appeals for any planning decisions. See Department of Planning, Housing and Infrastructure (2025), Brisbane City Council (2025), and WA State Administrative Tribunal (2025).

Unsurprisingly, the Victorian Government's plans have met resistance from local councils,⁵⁰ reflecting the narrow interests of some existing residents.⁵¹ Yet recent opinion polling shows that a majority (57 per cent) of Victorians back changes that would pave the way for more townhouses. And 42 per cent support the Government's plan to build higher-density housing near train and tram stations, compared to 37 per cent opposed and 21 per cent undecided.⁵²

International experience suggests that making land-use planning reforms a matter for state governments, rather than just for local councils, improves democratic participation on matters of housing policy.⁵³ These state-led planning reforms have received widespread media attention and public scrutiny. Whereas local consultation processes are often less representative of community views, and can disenfranchise younger residents, renters, and those who live in apartments.⁵⁴

And because these reforms are applied city-wide – rather than on a council-by-council basis – they also avoid the poor planning outcomes that can occur when local governments attempt to appease conflicting constituencies. A NSW Government initiative that allowed local councils to propose alternative development plans around designated train stations often resulted in a small number of less well-located

areas being zoned for higher densities, reducing the housing choices available to future residents.⁵⁵

50. Aubrey (2025).

51. For example, McNee and Pojani (2021) find that local community opposition often reflects a narrow subset of the community – typically older homeowners.

52. Smethurst (2024).

53. Demsas (2024).

54. For example, when Ku-ring-gai Council in Sydney consulted residents on proposed up-zoning reforms in 2024, just 4 per cent of respondents were renters and 12 per cent lived in apartments (Ku-ring-gai Council (2024)). Whereas the 2021 Census showed 20 per cent of residents in the area were renters and 27 per cent lived in apartments. (ABS [2022b]).

55. For example, see Sydney YIMBY (2024).

3 We've already waited long enough

In Australia's past, people on low incomes and high incomes, young and old, owned homes. Homelessness was rare. But over the past 40 years, that has changed.

Today, home-ownership largely depends on how high your income is and how wealthy your parents are. Housing is contributing to widening gaps in wealth between rich and poor, old and young.⁵⁶ Lower-income households are spending more of their income on housing and are under more rental stress. Melbourne has become more stratified – in fringe suburbs, people have less access to jobs, fewer women work, and education rates and incomes are lower.⁵⁷

Past Victorian governments have preferred the easy policy options. But if governments keep pretending there are easy answers, housing affordability will only get worse, and trust in government will continue to fall.⁵⁸

The Victoria Government's reforms to land-use planning are our best chance to make amends by allowing more housing to be built where most people want to live. But success will require the Government to hold the line in the face of opposition from local councils that reflect the narrow interests of some existing residents, rather than the public interest.

Either people accept greater density in their suburb, or their children will not be able to buy a home, and seniors will not be able to downsize in the suburb where they live. Economic growth will be constrained. And Melbourne will continue to become a less equal city, economically and socially.

56. Coates and Moloney (2023).

57. Daley et al (2018, p. 80).

58. Wood et al (2018).

The residents of Victoria have already waited long enough.

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