

Submission to the Productivity Commission

Housing Supply Regulation Inquiry

Alphington Fairfield Civic Association (AFCA)

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1. Executive summary

AFCA supports increasing the supply of well-located housing. Our concern is that reforms focused primarily on rezoning, additional permissible height and faster approvals may overstate the connection between planning capacity and completed homes, while underestimating costs shifted to surrounding communities.

Two local case studies illustrate these issues: prolonged non-delivery on redevelopment sites along Heidelberg Road, and substantial approved reductions in residential parking provision at the former Alphington Paper Mill redevelopment. A related governance issue is the difficulty residents experience obtaining current permits and amendment histories needed to assess decisions.

We ask the Commission to evaluate reforms against completed dwellings, net local employment capacity, development timeframes, infrastructure and amenity outcomes, and transparent decision-making - not simply the quantity of development rights or permits granted.

2. About AFCA and the local context

AFCA represents community interests in Alphington and Fairfield in inner Melbourne. Heidelberg Road is a major corridor spanning the Cities of Yarra and Darebin, while the former Alphington Paper Mill is a large mixed-use redevelopment in the surrounding area.

AFCA recognises that higher-density development can be appropriate near public transport and services. Its concerns relate to the effectiveness of reforms in producing housing, the allocation of associated costs, and the integrity of planning governance.

3. Heidelberg Road: capacity does not equal delivery

AFCA's historical analysis of commercially and industrially zoned land fronting Heidelberg Road between Merri and Darebin Creeks, excluding the former Amcor paper mill site, identified approximately 38,366 m² (3.84 hectares or 9.48 acres), 37 commercial and industrial buildings and 868 metres of combined frontage. It recorded that all industrial buildings were single-storey and 93% of commercial buildings were ground or one storey. These are historical, approximate figures - not a current survey of vacant or immediately developable residential land.

Despite substantial apparent redevelopment potential, AFCA reports very limited new residential construction on the corridor over more than a decade, excluding the former paper mill site. Examples of completed development include approximately 802–805 Heidelberg Road and the former Alphington Hotel. Existing commercial uses, ownership, zoning, feasibility, site conditions and infrastructure may constrain conversion; the land area should not be characterised as vacant housing-ready land.

This experience raises a testable question: where residential development has been contemplated or approved but not delivered, are the principal barriers planning controls, financing and construction feasibility, owner expectations, or incentives to retain sites pending future uplift in land value? The answer matters before additional regulatory relaxation is assumed to increase housing completions.

4. Case study: 700–718 Heidelberg Road, Alphington

An initial application (PLN17/0040) led to a City of Yarra planning permit dated 8 March 2018. The permit authorised a multi-storey residential development and a reduction in statutory car parking requirements, subject to conditions including a five-storey maximum. The proposal was subsequently considered in *Aleks Nominees Pty Ltd v Yarra CC* (VCAT P607/2018).

A later application (PLN19/0911) was considered in *LX Nominees Pty Ltd v Yarra CC* (VCAT P802/2020); on 29 January 2021 VCAT directed that a permit issue for a redesigned eight-storey mixed-use proposal. These were separate applications, not simply one continuously unchanged permit.

AFCA reports that substantive residential construction had not commenced by October 2026. The VCAT-directed 2021 permit conditions provided initial commencement, completion and use periods, subject to extension mechanisms. AFCA has not obtained the currently operative permit or a complete extension history; consequently it cannot assert that a permit is currently valid, expired or improperly extended.

The original 2018 permit (PLN17/0040) also stipulated two years to commence, four years to complete and five years to commence use, subject to extension provisions. Those dates must not be applied to the later PLN19/0911 permit.

AFCA has sought current planning documentation and endorsed plans from Council but reports difficulty accessing them. This should be treated as a separate transparency concern, not proof of unlawful withholding or improper conduct. Public access to current permits, amendments, extension decisions and reasons would allow meaningful scrutiny of housing-delivery performance.

5. Alphington Paper Mill: parking reductions and external costs

AFCA analysed parking provision using approved planning permits supplied to the Alphington Paper Mill Action Group (APMAG) and relevant City of Yarra Council meeting records. The analysis compares the statutory parking benchmark used at the time with approved provision. It does not necessarily capture subsequent permit amendments or the final as-built and allocated parking inventory.

Development	Benchmark spaces	Approved spaces	Difference
626 Heidelberg Road (Caydon)	456	385	71
Alphington Village	817	189	628
Papersmith apartments	259	219	40
81 Latrobe Avenue	338	317	21
Riverfront apartments	68	39	29

For Alphington Village, the records available to AFCA identify 633 apartments and a total of 189 approved parking spaces against an 817-space statutory benchmark - a reduction of 628 spaces (approximately 77%). AFCA does not possess a breakdown of the 189 spaces by apartment size or individual dwelling. Any suggestion that spaces were preferentially allocated to higher-value apartments is a hypothesis, not an established fact.

The wider analysis identifies 2,053 apartments and 295 townhouses across the surveyed precinct, of which 1,938 dwellings are one- or two-bedroom (approximately 83%). These totals reflect the approvals captured by the analysis rather than a verified present-day dwelling census.

Reduced parking requirements can avoid unnecessary basement construction costs, support affordability and encourage travel by public transport, walking and cycling. However, AFCA reports increasing competition for on-street parking in surrounding residential streets after occupation of parts of the precinct. Those observations warrant independent testing; they do not by themselves establish how much demand is attributable to paper mill residents, visitors or other users.

The policy question is whether the expected reduction in car ownership and parking demand was realised, and whether the costs of any displaced demand were adequately accounted for. Where private construction savings are accompanied by public parking-management costs and impacts on established residents, the overall economic assessment should include both.

6. Strategic planning, transparency and community participation

AFCA supports efficient and predictable planning processes, including strategic decisions about appropriate density. However, accelerated and ministerial pathways should include clear criteria, publication of reasons and meaningful opportunities for community input at the appropriate stage.

Where a decision materially departs from a consulted strategic framework, the responsible authority should explain the additional public benefits, housing delivery assumptions, infrastructure commitments and grounds for the departure. AFCA also seeks accessible public records of permits, amendments, approved parking schedules and extensions.

Concerns about developer influence should be addressed through transparent records of representations and decision-making, rather than unsupported allegations about particular officials or applicants.

7. Transport access, employment and equity

Alphington and Fairfield are served by a predominantly radial railway network and connecting bus routes, rather than a local tram network. Proximity to a station can provide convenient access to CBD employment without necessarily providing practical access to jobs in other suburbs or during early, late and irregular shifts.

AFCA does not argue that every apartment needs a car space. Lower parking provision can reduce construction costs and benefit households that do not own cars. However, a planning assessment should distinguish proximity to transport from practical access to employment, caring responsibilities and essential services at relevant times of day. The effects on lower-income households are mixed: some benefit from avoiding the cost of bundled parking; others may face constrained employment opportunities where a vehicle is necessary.

AFCA recommends evaluating significant parking reductions against service frequency, operating hours, cross-suburban journey times and post-occupancy outcomes. The historic statutory benchmarks in AFCA's Paper Mill analysis should not be confused with the parking requirements in force today.

8. Development contributions, infrastructure and local amenity

As urban density increases, public open space, drainage, walking and cycling infrastructure, community facilities and local services become increasingly important. The community should be able to trace what development-related contributions and obligations were required, delivered, spent and left outstanding.

The Paper Mill redevelopment includes planned community facilities, open space and riverfront improvements. Council reports that some facilities and the commercial precinct remain dependent on developers progressing the relevant stages. Contributions may take the form of levies, land, works-in-kind, permit conditions or agreements; they should not be conflated, and a security bond should not be treated as expenditure available for community projects.

AFCA has not established the full amount of financial contributions attributable to the Paper Mill, nor whether all funds have been spent within Alphington or elsewhere in Yarra. It therefore seeks a publicly accessible precinct-level register recording contributions required and received, direct works and land transfers, the location and purpose of expenditure, completion milestones and outstanding obligations. This would permit scrutiny without assuming that every contribution must legally be spent within the immediate precinct.

The Commission should also consider whether essential community and commercial facilities can be staged more effectively alongside residential occupation, while recognising commercial leasing and project feasibility constraints.

9. Commercial and industrial land: voluntary site assembly and housing delivery

AFCA's concern about fragmented ownership is directed primarily to the commercial and industrial land along Heidelberg Road, not to wholesale consolidation or clearance of established residential streets. Existing residential neighbourhoods contribute heritage, tree canopy, social networks and urban character; the economic and social costs of displacing them should not be ignored.

Although commercial and industrial properties may offer larger individual sites than typical residential lots, viable redevelopment may still require assembling adjoining parcels to achieve workable site dimensions, access, servicing, built form and financing. Fragmented ownership can increase transaction costs and delay delivery. AFCA suggests examining voluntary, owner-led land assembly, with independent valuations, coordinated planning advice, transparent benefit-sharing and safeguards against coercion.

This is not a blanket proposal to rezone employment land for housing. Existing businesses, jobs, services and the strategic need to retain commercial and industrial capacity should be assessed before any rezoning. Voluntary site assembly should support viable mixed-use outcomes and employment opportunities, not simply maximise residential yield. Nor does AFCA advocate wholesale redevelopment of established residential neighbourhoods.

AFCA recommends that planning authorities report net employment capacity alongside net housing capacity whenever commercial or industrial land is proposed for residential or mixed-use rezoning. Reporting should identify existing businesses and jobs, employment-generating floor area lost or retained, forecast jobs and non-residential floor area created, and the accessibility of local shops, services and

community facilities. Forecasts should be compared with post-development outcomes. This would enable a more complete assessment of whether redevelopment advances the 20-minute neighbourhood objective.

Melbourne's 20-minute neighbourhood objective encompasses access to work, shops, services, recreation and community life - not housing alone. AFCA is concerned that the cumulative conversion of commercial and industrial sites to predominantly residential uses may increase dwellings while reducing local employment, trades, services and social activity. This can increase the need to travel beyond the neighbourhood, including for workers whose destinations and hours are poorly served by radial public transport. Not every existing industrial use is suitable for retention, and redevelopment can create new local businesses; decisions should therefore assess net outcomes rather than presume that either preservation or conversion is always preferable.

10. Community representation and planning accountability

AFCA supports independent, expert decision-making by planning panels and tribunals. It does not propose that residents appointed to adjudicative bodies should advocate for one side of a particular case. Instead, the Commission could consider standing community advisory arrangements for strategic planning, equitable access to technical expertise and published explanations of how significant community submissions were considered.

Accelerated or ministerial pathways should publish the reasons for material departures from strategic planning frameworks, associated infrastructure commitments and relevant stakeholder representations, subject to appropriate privacy and probity rules. Community participation should be meaningful, but should not amount to an automatic veto over otherwise lawful development.

11. Recommendations

- Publish a consistent housing-delivery pipeline: rezonings and theoretical capacity, permits issued, permits amended or extended, commencements, completions and elapsed time at each stage.
- Investigate approved but uncommenced projects and distinguish financial feasibility, infrastructure barriers, market conditions and speculative holding; evaluate policy responses against evidence.
- Provide searchable public access to operative planning permits, endorsed plans, material amendments, expiry dates, extensions and reasons, with proportionate privacy safeguards.
- Require cumulative precinct-level assessment of major parking reductions and transparent reporting of statutory benchmarks, approved provision and material changes.
- Conduct post-occupancy evaluation of parking demand, vehicle ownership, on-street occupancy and transport use where substantial reductions are justified by proximity to public transport.
- Retain transparent decision criteria, published reasons, and meaningful community participation for accelerated and ministerial approvals, particularly where strategic controls are materially departed from.
- Assess infrastructure funding, timing and public-realm impacts alongside housing supply targets, including costs borne by neighbouring communities.
- Assess transport accessibility using employment destinations, service frequency, shift hours and cross-suburban travel needs, rather than station proximity alone.

- Publish precinct-level registers of development contributions, works-in-kind, land transfers, infrastructure expenditure and outstanding obligations; explain any expenditure outside the immediate precinct.
- Examine infrastructure and local amenity staging so that promised facilities and services are delivered in reasonable alignment with housing occupation.
- Investigate voluntary owner-led assembly of suitable commercial and industrial sites on Heidelberg Road, subject to protection of needed employment land and without promoting wholesale redevelopment of established residential neighbourhoods.
- Require net employment-capacity reporting alongside net housing-capacity reporting for rezoning of commercial or industrial land, including jobs and employment floor area lost, retained and created, effects on local services, and post-development verification.
- Strengthen strategic-planning community advisory participation, access to expert advice, disclosure of material representations and published reasons for decisions, while preserving the independence of tribunals and panels.

12. Conclusion

AFCA supports more homes in accessible established areas. But increasing permissible development capacity is not synonymous with increasing completed dwellings, and reducing project-level costs is not necessarily synonymous with reducing costs to the community. Nor should housing growth be assessed without considering the jobs, services and cultural or recreational opportunities that make neighbourhoods liveable.

The Commission should examine why approved projects remain unbuilt; test whether concessions such as reduced parking provision produce their forecast outcomes; and measure net employment capacity as well as net housing capacity when employment land is rezoned. A sound reform framework would deliver homes within complete neighbourhoods, account for external costs and preserve transparency and accountability.

- City of Yarra, Alphington Paper Mill project page (development plan, amended June 2025; permits, public open space and community facilities; commercial precinct status).
- City of Yarra, Yarra Development Contributions Plan (introduced February 2021; distinct development and community infrastructure levies).
- City of Yarra, Heidelberg Road Local Area Plan; Victorian Government, Melbourne Industrial and Commercial Land Use Plan (2020, updated 2024).

Source documents and qualifications

- AFCA, Heidelberg Road frontage analysis (historical, approximate land-use and frontage measurements).
- City of Yarra, Planning Permit PLN17/0040, 8 March 2018, particularly conditions 1 and 29 and permit notes.
- Aleks Nominees Pty Ltd v Yarra CC, VCAT P607/2018 (2018); LX Nominees Pty Ltd v Yarra CC, VCAT P802/2020 (decision 29 January 2021).
- AFCA, Paper Mill Parking Analysis v3 (compiled from approved permits supplied to the Alphington Paper Mill Action Group and Council meeting records; later amendments not verified).