

Interim report - Housing supply regulation Productivity Commission 2026, Canberra, July

SUBMISSION FROM DR STAN CAPP

I am responding to this Interim Report with some observations as a resident in the CBD of Melbourne for 26 years.

Firstly, let me congratulate the Productivity Commission for pursuing this important matter.

There are many technical matters listed in the report that others far more qualified than me can comment upon. I wanted to concentrate my comments on what I see as a serious omission in the discussion.

In my view, a basic tenet of housing regulation ought to be protecting the public interest, minimising red tape and recognising the impacts of development on public amenity and the community.

Having lived in Melbourne's CBD for so long, arriving with a population of circa 5,000 residents that now is circa 60,000 residents, I have witnessed first-hand the proliferation of housing supply within the CBD to accommodate this demand. I have also seen the great benefits that have accrued from building a vibrant and engaged community.

By and large, high rise apartment towers have proliferated with a mix of residents dominated by owner occupiers and renters from a wide range of backgrounds. Many students have been welcomed and increasingly couples with young families. The age profile is clearly younger but there remain many who were attracted to city living by the City of Melbourne initiatives such as Postcode 3000 and a desire to downsize from a suburban home.

The planning regimes overseen by the City of Melbourne and now, increasingly by the State Government have produced many buildings that are variable in quality. The Design Excellence oversight by the City of Melbourne has been a good initiative but the impacts of development has had impacts on residents that has resulted in reduced privacy, access to light and increased shadowing and wind tunnels.

The adoption by the Victorian Government of various reforms to facilitate development eliminate the rights that residents and local communities have in the planning sphere. Several initiatives in the Interim Report seem to follow the same logic with little acknowledgment given to any rights of residents to have a say in developments that impact their local amenity and their human and democratic rights.

Reforms such as fast tracking of planning applications are designed to streamline the assessment process that allows eligible, low-complexity, or high-quality development proposals to bypass standard public advertising, lengthy consultation stages, and traditional multi-month review timelines. In essence this means that developers can submit plans to the Planning Minister who can decide the application with little or no public discussion or community consultation i.e. the community has no rights.

The Planning Minister can seek the views of the local Council on certain applications submitted. To its credit, the City of Melbourne has taken the view to have these matters reported on to its Future Melbourne Committee, which enables public input via written or verbal submissions. However, timelines are frequently very brief that gives City of Melbourne planning staff only a brief amount of time to make considered recommendations to Council.

For several years the City of Melbourne has been unique in that all planning applications greater than 25,000 square metres are managed by the Planning Minister. This has caused anxiety to residents and the community who even under these older provisions, precluded timely notifications to affected parties. The new fast-tracking process has exacerbated the problem.

To emphasis why these processes are problematic, let me illustrate three examples that are all within proximity to where I live.

Example 1 – Wesley Place at 130 Lonsdale Street

The largest part of this development has produced a 35-level commercial building, which is within 10 metres of Regency Towers, a 33-level residential apartment tower. The 72 apartments that face Wesley Place offer unobstructed views to the living quarters of the residents and likewise workers inside Wesley Place are open to viewing by residents. Light to apartments is significantly diminished as apartments are permanently in shade. Obviously views to the west are all eliminated, opportunities for solar energy at Regency Towers have been made redundant and property values diminished significantly.

Community consultation was tokenistic and undertakings given to enable community access to their meeting spaces have proven to be hollow with no access ever provided.

The Minister for Planning approved the development when two previous Ministers had rejected the development due to its undesirable impacts.

Negotiations between residents and Charter Hall, the Wesley Place custodians, proved fruitless as they could not care less about the residents and their concerns. Again, tokenistic responses were all that residents were given. It most certainly placed a priority on staff amenity and produced a substantial building.

In the planning stages, had residents been consulted, I am sure a better outcome could have been achieved albeit a tower within such close proximity was never going to be easy.

Example 2 – Shangri-La, 308 Exhibition Street and Sapphire on the Gardens, 63 Latrobe Street

This a twin tower development that was approved by the Minister for Health with little community consultation and minimal opportunity for the City of Melbourne to comment.

It is a 62 and 60 level development respectively that sits adjacent to the Royal Exhibition Buildings in what has been recently gazetted as a World Heritage Environs Area. The decision was taken despite the knowledge that a WHEA was being refined and an appropriate community consultation with heritage experts would have disclosed a great discomfort with the development.

It overshadows a significant part of the southern perspective, interferes with lines of sight to this UNESCO World Heritage site and places at risk the retention of this status.

As an aside, the Shangri-La tower remains unoccupied and has been so since the building's completion in August 2023!

Example 3 – Redevelopment and expansion of the Comedy Theatre, 222-240 Exhibition Street

In addition to theatre upgrades to this heritage building, the project includes a 27-storey mixed-use tower cantilevered over the rear of the 1928-built theatre and a 270-room residential hotel, 9 levels of office space and commercial facilities.

The development is adjacent to Punch Lane that has several residences that will immediately abut the proposed development.

Remarkably, since this development was contemplated in 2022, there has been no consultation with the residents in Punch Lane despite a range of technical matters that will directly impact them.

The Planning Minister sought the advice from City of Melbourne and the first that residents heard about this process was when it was published in the Agenda papers of the Future Melbourne Committee in December 2025, which gave them three working days to consider their response.

This is perhaps the most egregious example of ignoring a local community deeply and materially affected by a developer, Minister and local government authority that refuses to engage.

The matter remains pending and to date there continues to be no engagement.

This Interim Report is deficient in not acknowledging the value in local resident and community input. The denial of residents and local communities in the decision-making processes places at risk the local intelligence about how these projects will change the local amenity but also eliminates any productive input that might be provided.

It should be noted that the CBD was in the doldrums until residents contributed substantially to its vitality and most have a great passion for it. They should not be ignored.

Community consultation is embedded by legislation to be implemented by all Victorian local governments and yet in the planning space, this is practised only minimally if at all.

I know that there are also concerns that heritage matters are not being sensitively handled and the Heritage Overlay in Victoria needs to be acknowledged as a positive contributor to the debate. Heritage protections ought not be an impediment to housing development. I will leave it to others to prosecute that argument.

My primary goal in making this submission has been to seek the Interim Report to be modified to recognise that residents and communities deserve to be informed and consulted in developments that affect their local amenity. This does not have to be a truncated process but recognising this right would go a long way to respecting that democracy still prevails in the planning process. The consequences are real and should be embraced.

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Melbourne
14 October 2026