Cranbourne Town Centre Residential Demand Study

Final Report

City of Casey

June 2017

SGS
Economics
& Planning

The content and recommendations of this report are not endorsed by Council. This report has been prepared to assist in the development of policies for the Cranbourne Major Activity Centre, including Amendment C275case to the Casey Planning Scheme.

Independent insight.

TABLE OF CONTENTS

SGS
Economics
& Planning

EXECUTIVE SUMMARY

SGS Economics and Planning (SGS) were commissioned by the City of Casey to undertake a residential demand study of the Cranbourne Town Centre (Cranbourne). In conjunction with the *Cranbourne Town Centre Economic Assessment*, this work will be used to inform an updated Cranbourne Town Centre Structure Plan.

The analysis in this report is comprised of three stages:

— **Housing demand**: An analysis of how housing demand, by dwelling type, will evolve between 2016 and 2036
— **Housing capacity**: A measure of housing capacity within Cranbourne based on land supply and planning controls. Strategic sites, which are conducive to high density development are also identified
— **Alignment and implementation**: An analysis of how demand and capacity will align over time, and implementation options for achieving desired outcomes

Housing demand

The demand for the overall quantum and type of housing is shaped by population growth, household size, household type and preference. Population forecasts provide a good basis for understanding future population and household growth, and can be used to determine likely household types. Historic preferences also provide an indication of the type of housing that is therefore likely to be demanded, but it should be acknowledged that preferences can change over time.

Estimates of dwelling demand were generated using a housing propensity model. The model estimates implied demand for dwelling types by analysing the likelihood, or propensity, for particular age groups to form particular households and then those households to reside in particular dwelling forms.

This approach is depicted in the figure below.

HOUSING DEMAND APPROACH
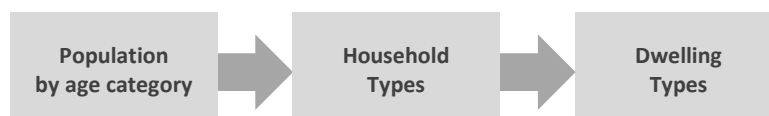
Three demand scenarios, which vary both population growth and preferences, have been considered.
— Scenario 1: A baseline scenario which aligns with id consulting forecasts adopted by Council.
— Scenario 2: A policy realisation scenario which assumes that higher residential demand can be induced in Cranbourne, and that the demographic composition diversifies.
— Scenario 3: An augmented version of scenario 2, which assumes shifting dwelling preferences for households in Cranbourne.

A summary of the housing demand results is presented in the table below. Demand over a twenty-year horizon will range between 360 and 410 additional dwellings, which represents an increase in Cranbourne stock of approximately 32 per cent. This growth, under all scenarios, will largely occur after 2031, as the greenfield supply in Casey absorbs regional demand in the short term.

	2011	2016	2021	2026	2031	2036	2016-36
Scenario 1							
Separate house	620	640	650	670	680	820	180
Semi-detached	40	40	40	50	50	60	20
Attached (Flat/unit/apartment)	560	570	580	600	610	730	160
Total	**1,220**	**1,250**	**1,270**	**1,320**	**1,340**	**1,610**	**360**
Scenario 2							
Detached	620	640	650	670	680	850	210
Semi-detached	40	40	40	50	50	60	20
Attached (Flat/unit/apartment)	560	570	580	600	610	750	180
Total	**1,220**	**1,250**	**1,270**	**1,320**	**1,340**	**1,660**	**410**
Scenario 3							
Detached	620	640	650	600	550	610	-30
Semi-detached	40	40	40	60	70	100	60
Attached (Flat/unit/apartment)	560	570	580	650	710	940	370
Total	**1,220**	**1,250**	**1,270**	**1,310**	**1,330**	**1,650**	**400**

Source: SGS Economics and Planning

Housing capacity

Starting from a current stock of 1,275 dwellings located within Cranbourne Town Centre, the capacity assessment estimates that, if maximum capacity is reached, there is potential for a total of 10,970 dwellings based on current planning controls.

This is a **theoretical** capacity and does not consider the feasibility of development or over what time period it could be realised. The capacity of Cranbourne would be highest if all land was developed to the maximum density allowed. However, underdevelopment (relative to the planning controls) does occur as the market adapts to preferences, site opportunities and other factors. Incremental intensification (as opposed to development at the maximum density) helps the development industry test the market and enables higher density to ultimately be realised.

The following table shows the potential build out of Cranbourne based on three hypothetical development intensity scenarios. This illustrates there is significant additional capacity across Cranbourne, while underdevelopment can considerably reduce the ultimate development potential.

Development intensity scenarios	Detached	Medium density attached	High density attached	Total dwellings	Net additional capacity
Detached house build out	1,210	-	-	**1,210**	**-70**
Townhouses build out	-	3,230	-	**3,230**	**1,950**
Theoretical build out	-	650	10,320	**10,970**	**9,690**

Source: SGS Economics and Planning

These three scenarios can be used to define a capacity range which is more likely to be realised. One likely measure of capacity is the mid-point between the 'Townhouses' and 'Theoretical' scenarios. This would represent a capacity of approximately 7,000 dwellings.

It is also important to note across Cranbourne, there are a selection of key locations which have strategic value with respect to higher order development. These include:
− Sub-precinct 7 (Cranbourne Station South)
− Eastern portion of Sub-precinct 9 (Cranbourne Park West)
− Sub-precinct 15 (Brunt and Codrington Streets)
− Sub-precinct 21 (Casey Complex and Education)
− Sub-precinct 3 (Cranbourne Station North)

SGS
Economics
& Planning

Housing alignment

Once aligning demand to capacity, it's seen that current dwelling preferences are not sustainable if Cranbourne is to accommodate the forecast population. With a maximum capacity of 1,210 detached dwellings, demand for this form would approach theoretical capacity by 2036 (and require the re-consolidation of sub-divided lots). This illustrates the fact that supply by housing form will not always meet demand based on true preferences. Rather, the market will match these preferences while feasible and consumers will make trade-offs to bridge the 'gap' (e.g. willing to occupy a smaller dwelling if price discount is sufficient). Demand scenario 3 represents such an outcome, with consumer preferences shifting away from detached forms. The figure below aligns the aggregate demand of scenario 3 (high growth) to the capacity (theoretical capacity and a likely discounted measure). This shows that capacity far exceeds demand to 2036, with sufficient flexibility to accommodate a variety of dwelling types.

HOUSING ALIGNMENT
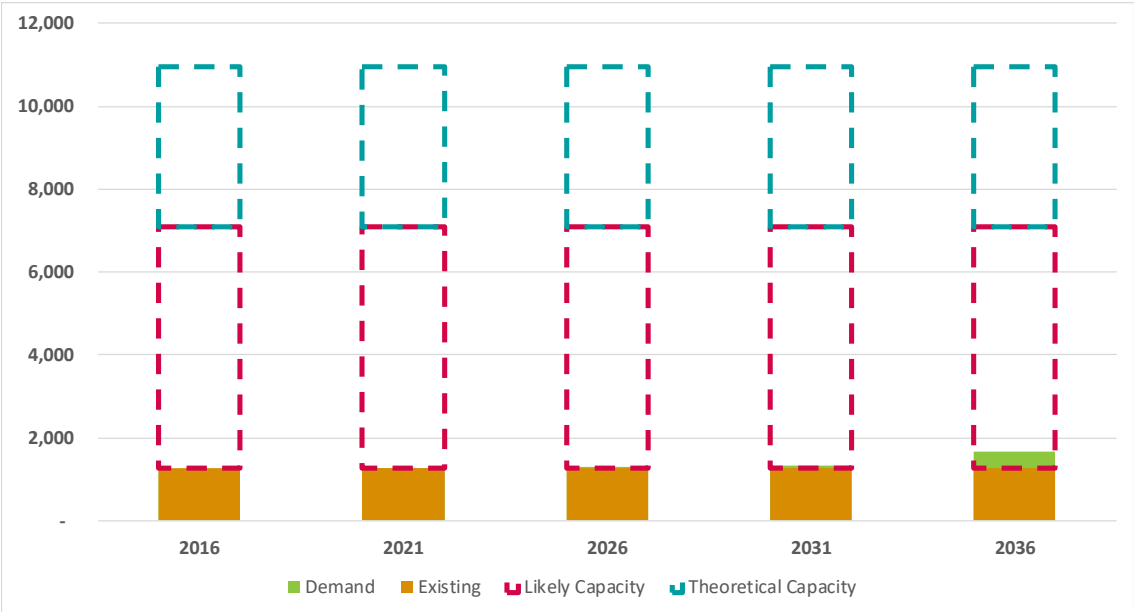
Source: SGS Economics and Planning

Recommendations and implementation

Sub-precincts 3, 7, 9, 15 and 21 contain sites which are conducive to high density development (shown in figure below). However, quarantining such sites for high density development is not recommended. Rather, it is recommended that policy should have the aim of preserving or consolidating current lots at such sites, and that caution be exercised when assessing proposals to subdivide lots. Developments which increase housing density and diversity (relative to the current surrounds), without the need for sub-division, will initiate the transition towards higher density while preserving the capacity for future apartment projects.

While there exist several methods which can be used to facilitate higher density development, implementation of the recommendations requires that short-term medium density development is not precluded. Planning tools which should be used to achieve such an outcome are:

- Subdivision controls that limit fragmentation of lots and support the consolidation of lots. This preserves the opportunity for higher density development in the future
- Policy which can nominate the preferred future built form outcomes

STRATEGIC SITES

Source: SGS Economics and Planning
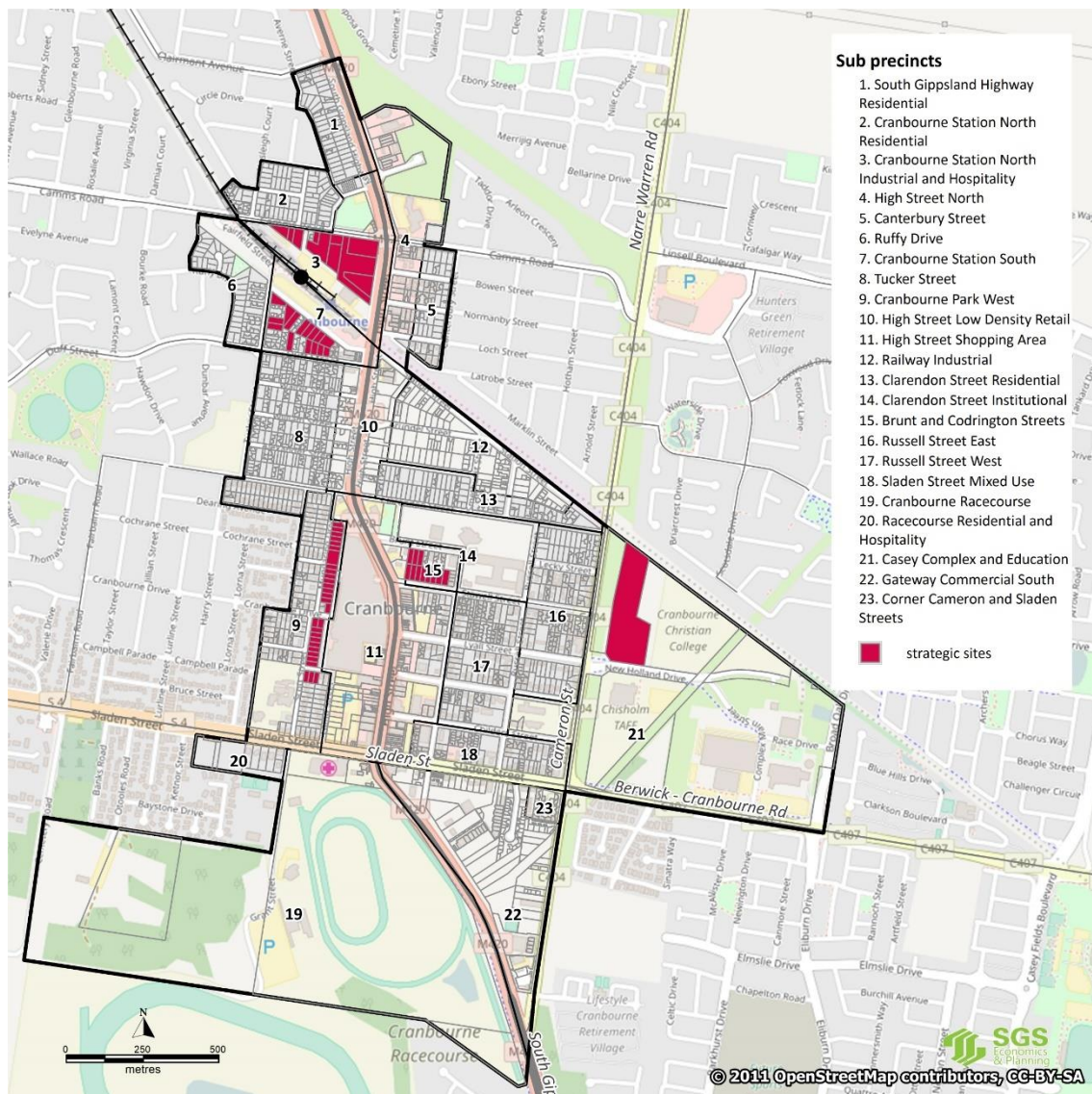
1 INTRODUCTION

1.1 Project context

The Cranbourne Town Centre is located in the south of the City of Casey's (Casey) existing urban area. It is one of Casey's two major activity centres, and accommodates a diversity of uses including retail, commercial, institutional and residential activity.

Casey is currently reviewing the Cranbourne Town Centre Structure Plan (2011) (the Structure Plan) and the planning controls that apply to the centre, particularly Schedule 1 to the Activity Centre Zone (ACZ1). The current application of the ACZ1 for Cranbourne is extensive and covers residential land as well as a variety of commercial, industrial, education and public facility uses, as per the ACZ practice note. The current planning framework for the centre is particularly complex, comprising several precincts and sub-precincts.

One of the drivers of the Structure Plan review is the need to address the complexity of the current planning framework surrounding the Cranbourne Town Centre (in terms of its size and number of precincts) and provide greater certainty to landowners, investors and the community.

SGS Economics and Planning (SGS) recently completed the *Cranbourne Town Centre Economic Assessment*. That assessment sought to analyse and provide recommendations around employment uses in the centre. It highlighted the important and interrelated role of housing within the centre.

This study seeks to further understand and provide recommendations around the role of housing.

As identified in the City of Casey Housing Strategy (2015), the substantial supply of greenfield land means that the overall supply of residential land is not an issue. Rather, an important consideration is the quantum and form of housing that is needed and desired within established areas, in particular around higher order activity centres such as Cranbourne.

1.2 Project scope and purpose

SGS has been engaged to examine residential demand within the Cranbourne Town Centre, and to provide both an understanding of and recommendations relating to the housing requirements under a number of scenarios. Of importance, will be the need for amending the schedule for parts of the large area which is currently governed by the activity centre zone (ACZ). The assessment includes the following stages:
1. Housing sector profile
2. Housing demand analysis
3. Housing supply assessment
4. Alignment and recommendations
5. Policy advice

1.3   Project study area

Figure 1 shows the study area (Cranbourne Town Centre) considered within this report. The remainder of this report will refer to this geography as 'Cranbourne'. This region has been disaggregated into several sub-precincts (discussed further in section 3.2)

FIGURE 1. CRANBOURNE STUDY AREA
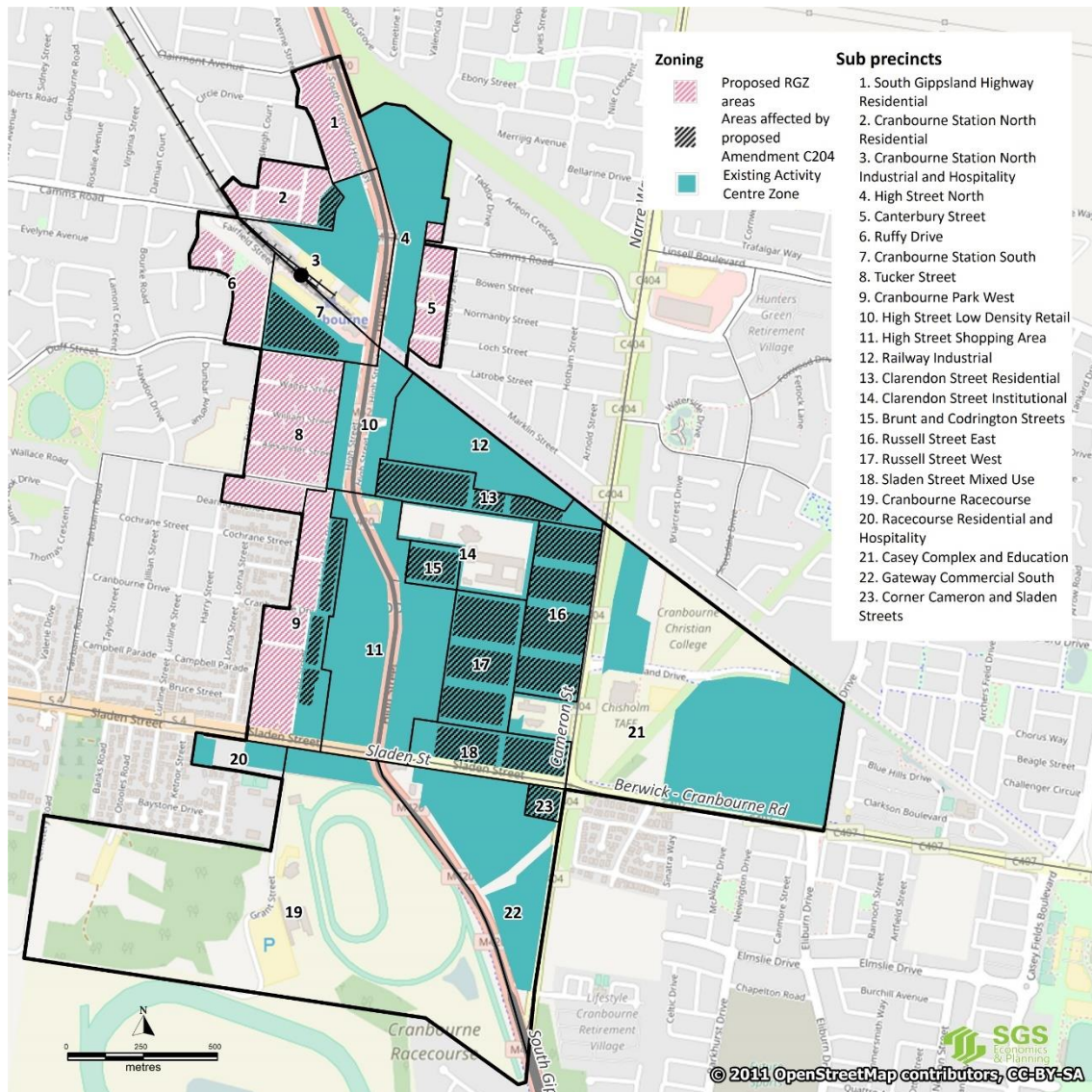
Source: SGS Economics and Planning, 2017

Cranbourne sub-Precincts

The study area was divided into 23 sub-precincts to better understand and approach the various land uses and activities present across the town centre. The sub-precincts were created with the aim of identifying functional areas with a dominant character or use. A short description of each sub-precinct is given in the table below along with a guide to major uses within each. This is further unpacked in the analysis in the remainder of this report.

TABLE 1.   CRANBOURNE TOWN CENTRE - SUB-PRECINCTS

| Id. | Sub-precinct name | Sub-precinct description | Major uses | | | |
			Res	Ret	Emp	Oth
1	South Gippsland Highway Residential	Predominantly medium density detached housing along the South Gippsland Highway. The Cranboune railway line and the low amenity of the South Gippsland Highway act as barriers to pedestrian walkability to the core retail areas of the Town Centre.	X			
2	Cranbourne Station North Residential	Medium density detached housing adjacent to Camms Road to the north. The Cranboune railway line and the low amenity of the South Gippsland Highway act as barriers to pedestrian walkability to the core retail areas of the Town Centre.	X			
3	Cranbourne Station North Industrial and Hospitality	Small area comprised of industrial, large format retail and hospitality use. Well-positioned site adjacent to the Cranbourne Railway Station.		X	X	
4	High Street North	Predominantly large format retail, industrial and commercial use located along the South Gippsland Highway.		X	X	
5	Canterbury Street	Medium density detached housing located South-East of the High Street North sub-precinct.	X			
6	Ruffy Drive	Medium density detached housing located south of the railway line. Low level of permeability, particularly to the West.	X			
7	Cranbourne Station South	Primarily residential but with some large format retail and institutional use. Adjacent to the Cranbourne Railway Station.	X			
8	Tucker Street	Medium density residential, but higher density than the Cranbourne average.	X			
9	Cranbourne Park West	Largely comprised of medium density detached housing located West of the Cranbourne Park Shopping Centre.	X			
10	High Street Low Density Retail	Large format retail and industrial strip along South Gippsland Highway, north of High Street strip shopping and Cranbourne Park Shopping Centre.		X	X	
11	High Street Shopping Area	Cranbourne Park Shopping Centre and Cranbourne Town Centre's main strip shopping retail. Includes very active, major enclosed shopping centre with anchor supermarkets, discount department stores and gym. Large amount of at-grade car parking on Council-owned land.		X	X	
12	Railway Industrial	Predominantly light industrial, with some commercial and institutional use. With the railway line acting as a barrier and no road connection to Narre Warren Road for most of the sub-precinct, there is very poor connectivity to the north and east.			X	X
13	Clarendon Street Residential	Medium density detached housing located South of the Railway industrial precinct.	X			
14	Clarendon Street Institutional	Cranbourne Secondary College and Cranbourne Community Theatre				X
15	Corner Brunt and Codrington Streets	Small area of medium density detached housing located close to core retail area of Town Centre. Includes recreational facility.	X			X
16	Russell Street East	Medium density detached housing and an aged care facility. Located in close proximity to the Chisholm Institute and Casey Complex	X			X
17	Russell Street West	Predominantly medium density detached housing but contains several townhouse developments in the Northern sub-section.	X			X

SGS
Economics & Planning

Id.	Sub-precinct name	Sub-precinct description	Major uses			
			Res	Ret	Emp	Oth
18	Sladen Street Mixed Use	Located along Main Street. Predominantly medium density detached housing along with employment uses such as a child care centre, petrol station and Centrelink office.	X		X	X
19	Cranbourne Racecourse	Cranbourne Racecourse, medical centre, and sports and recreational facilities/clubs.			X	X
20	Racecourse Residential and Hospitality	Small mixed use area with medical centre, sporting club, motel, restaurant and some detached housing.	X	X	X	X
21	Casey Complex and Education	Includes Casey Grammar School, Marnebek School (for students with intellectual disabilities) and community facilities/infrastructures: Balla Balla Community Centre, The Factory (performing arts rehearsal space), the Shed (indoor skate shed), Casey safety Village (traffic school) .			X	X
22	Gateway Commercial South	Predominantly industrial area to the south of Sladen St/Berwick-Cranbourne Rd. Has some commercial, retail and hospitality floorspace, with another commercial development in progress.			X	X
23	Corner Cameron and Sladen Streets	Small area of detached housing with several subdivided lots.	X			

Source: SGS Economics and Planning, 2017

SGS
Economics
& Planning

2   POLICY CONTEXT

This section reviews the current state and local policy framework relevant to the study area.

2.1   State planning policy

Cranbourne is recognised as an activity centre in Melbourne's metropolitan planning strategy, *Plan Melbourne* **(2014)**.

State policy also identifies infrastructure projects that are likely to have implications for the Cranbourne Town Centre and its surrounds. A 2015 Discussion Paper for the '**Refresh**' of Plan Melbourne provides a vision for the Cranbourne Pakenham Rail Upgrade, which is projected to relieve congestion and support land development along the corridor.

Together with the Melbourne Metro Rail Project, the planned upgrade of the Cranbourne Pakenham rail corridor is likely to boost capacity on the line, particularly during the morning peak. Whilst at present there are no short-term plans in place to extend the line to service the growing populations in the Cranbourne East and Clyde areas, these planned infrastructure projects have the

potential to boost jobs growth and transit-oriented development in the Cranbourne area. In terms of housing, Clause 16 of the *State Planning Policy Framework* **(SPPF)** highlights the importance of housing diversity, as well as access to services and long-term sustainability, including walkability to activity centres, public transport schools and open space.

A key strategy in the SPPF with regards to the location of new housing is to increase the proportion of housing within established urban areas of metropolitan Melbourne, particularly at activity centres and other strategic sites (Clause 16.01-2). This would reduce the share of new dwellings in greenfield and dispersed development areas.

Higher density housing is moreover to be encouraged at sites that are well located in relation to activity centres, employment corridors and public transport (Clause 16.01-2).

2.2   Local planning policy

Casey's *Municipal Strategic Statement* **(MSS)** contains the key strategic planning, land use and development objectives for the municipality, along with the strategies and actions required to achieve them. A new MSS was recently adopted into the Scheme.

Cranbourne lies within the MSS' 'residential and commercial heart'. Cranbourne is recognised as the "urban focal point" of the southern half of the Casey, with its regional services role expected to grow over the next decade (Clause 21.01). In terms of settlement and housing, the management of rapid urban growth to meet the social and physical needs of the community is recognised as a key issue for the municipality (Clause 21.02).

An objective for Cranbourne in the MSS is to ensure that the centre can maintain its present role while serving the additional residential growth forecast for the area (Clause 21.15-2).

Higher density residential development (3-4 storeys) is to be encouraged on well located sites within easy walking distance of Cranbourne and public transport, in a way that respects neighbourhood character, responds to the local landscape context, and minimises off-site amenity impacts (Clause 21.15-3). A major expansion of the retail core, which allows for a new discount department store and specialty shops, is also outlined (Clause 21.15-3).

SGS
Economics
& Planning

This study is looking to inform an update to the current *Cranbourne Town Centre Structure Plan* **(2011)**. That previous plan was developed by the City of Casey as a response to rapid growth. The Plan sort to continue to develop the Town Centre as a regional shopping and service destination, economic incubator and employment hub.

In terms of housing, the Town Centre Plan forecasted that by 2031, 1,900 to 2,500 additional dwellings would be needed within the Town Centre. It asserts that incremental development – to increase as the Town Centre grows – is required for residential areas because of the fragmented ownership of these areas and the limited demand for high density housing at the time of the study.

The Plan identifies many actions including: promotion of diverse and innovative housing forms, such as shop-top housing; promoting higher density housing around the Cranbourne and future Cranbourne East Railway Stations and the High Street retail core; and encouraging a diversity of dwelling sizes/types.

The *Casey Housing Strategy* **(2015)** supports the densification of housing in and around the Cranbourne Town Centre. It asserts that more intensive development is to be directed to areas with easy access to existing services and public transport, as well as in-centre areas. Moderate development is to occur in areas with good access to activity centres and close to strategic transport routes, while change is to be minimised in areas that are more remote from public transport and services.

Areas identified for 'substantial change' are defined as being within a walkable catchment of 400 and 800 metres of an activity centre or public transport. The Strategy proposes that the new Residential Growth Zone (RGZ) be applied to these areas. The residential zoning recommended in the Strategy is illustrated in Figure 2 below. Ongoing refinements are being made to these proposed RGZ areas.

The Housing Strategy further advocates for housing at higher densities within a walkable distance to high frequency public transport and well-serviced activity centres.

FIGURE 2. HOUSING STRATEGY CHANGE AREAS, CRANBOURNE AREA
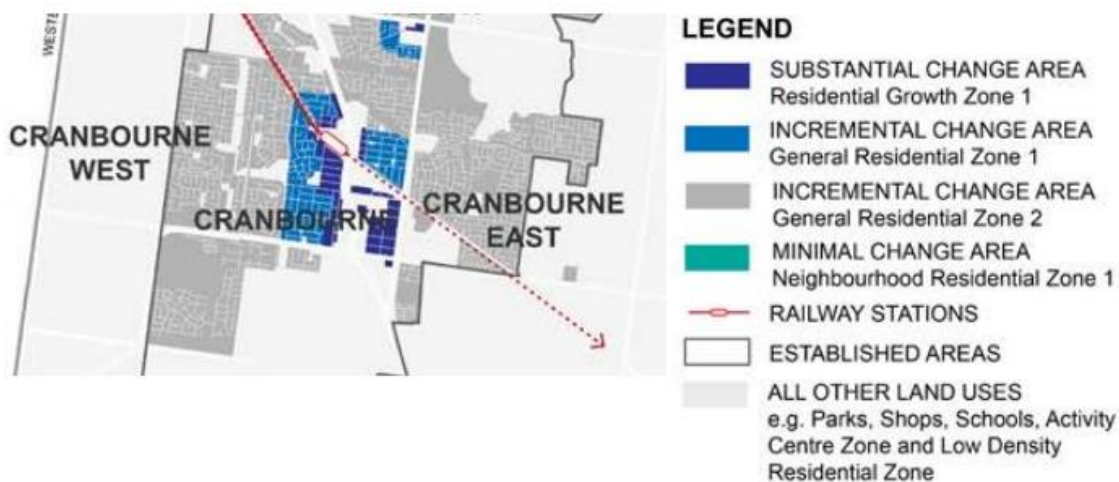
Source: Casey Housing Strategy, 2016

2.3 Zones and overlays

Figure 3 provides the current land use zoning for the study area. The Activity Centre Zone (**ACZ**) covers most the study area, with the Cranbourne Town Centre entirely comprised of the ACZ and Public Use (**PUZ**) zones. While the ACZ accommodates a wide range of uses and allows for centre-specific planning, its application to such a large area requires the implementation of a number of precinct-specific controls to appropriately guide use and development across the Centre.

Neighbouring areas are mostly zoned General Residential (**GRZ**), which is used to allow

modest housing growth and diversity while respecting neighbourhood character. Given the excellent access to transport and services found in these areas, there is potential for areas to be rezoned to Residential Growth Zone (**RGZ**) as part of the Housing Strategy.

The RGZ enables significant levels of growth and greater levels of housing diversity, and allows small scale commercial uses, such as food and drink premises, office and shop as either section 1 or section 2 uses with some conditions.

FIGURE 3. CRANBOURNE TOWN CENTRE - ZONES
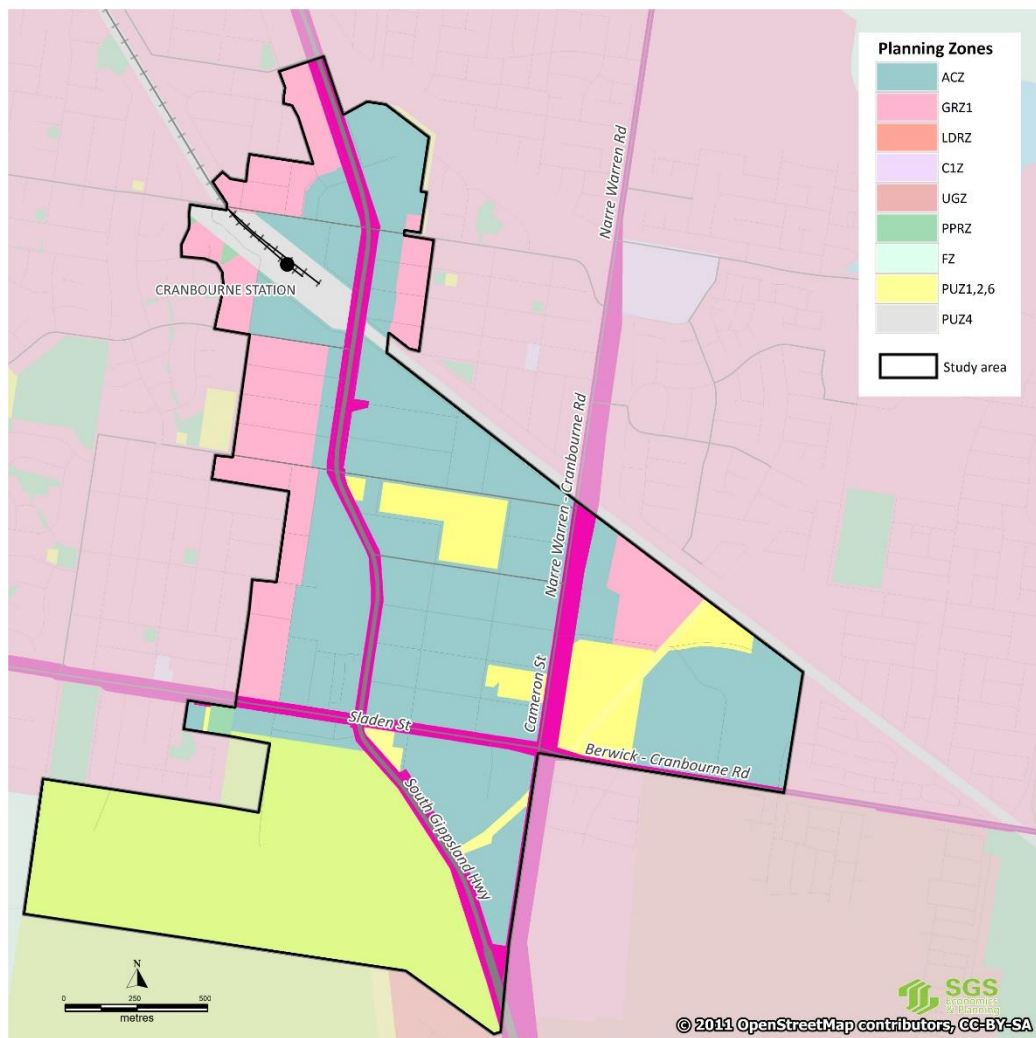
Source: SGS Economics and Planning from the Casey Planning Scheme

Figure 4 depicts the planning overlays applicable to the study area. These are the Environmental Audit Overlay (EAO), Heritage Overlay (HO), the Environmental Significance Overlay (ESO) (Schedule 8) and the Land Subject to Inundation Overlay (LSIO).

The **EAO** is used to ensure that potentially contaminated land is suitable for a use. Such uses require either a statement from an environmental audit or a certificate of environmental audit. The EAO in the study area is concentrated around the Cranbourne Train Station, particularly around High Street. This may have considerable implications for future development in this area.

The **HO** is used to retain elements of cultural and heritage significance, such as the 'Avenue of Honour', which runs along the South Gippsland Highway from Sladen Street. While

individual sites with a HO can be found across the study area, this overlay does not always entirely preclude development on a site. As such, the HO only has minor implications for the future development of the study area.

The **ESO8** aims to protect and conserve significant exotic and native trees in Casey. Various trees along the Avenue of Honour are covered by this overlay. While removal of trees under the ESO8 is not uncommon where development need arises, the significance of the Avenue imposes constraints on development around it.

The **LSIO** ensures that land subject to flooding or otherwise deemed significant by the floodplain management authority is appropriately managed. There are two areas in the study area that are affected by the LSIO.

FIGURE 4 CRANBOURNE TOWN CENTRE – SELECTED OVERLAYS

Source: SGS Economics and Planning from the Casey Planning Scheme

3   HOUSING SECTOR PROFILE

The following sections provides summary of key regional and local development trends impacting on the Cranbourne Town Centre housing market.

3.1   Casey and the broader metropolitan region

The past fifteen years (2001 – 2016) have seen a rapid increase in Melbourne's population, with a growth of 1.1 million residents. This expansion is expected to continue over the next 25 years, resulting in further population growth in excess of 2.3 million.

As a key growth area of Melbourne, Casey (which Cranbourne sits within) has historically accommodated a significant proportion of these new residents and this trend is likely to continue with an average of 8,500 new residents projected per year to 2041.

Figure 5 presents recent and forecast population for the municipality.

FIGURE 5. CITY OF CASEY ESTIMATED RESIDENT POPULATION (ERP) PROFILE
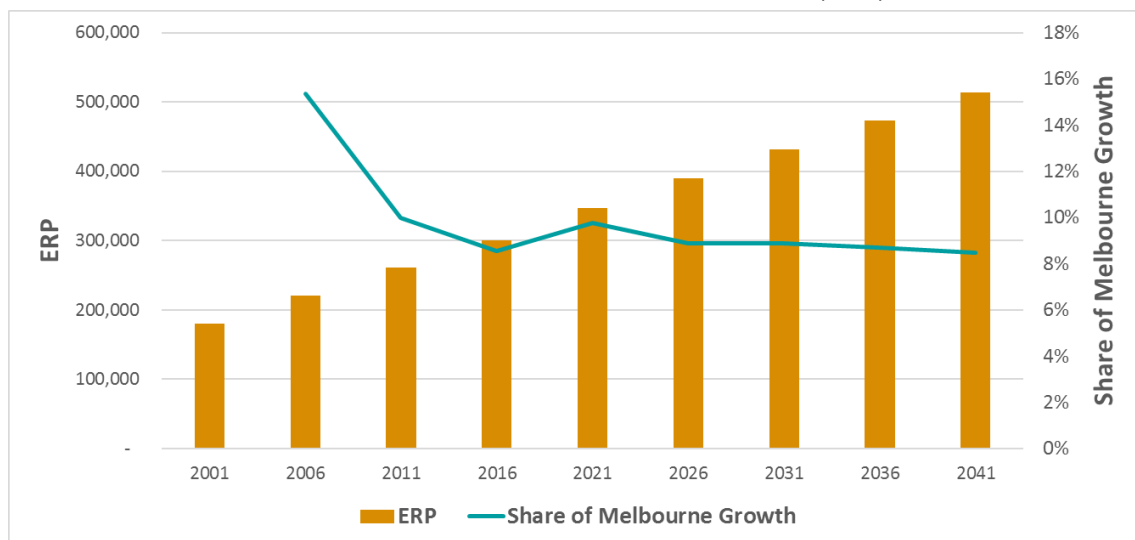
Source: 2001 to 2011 - ABS, 2016- 2041 - Forecast id and 2031 to 2041 - VIF2016

While the level of population drives the quantum of housing required, the diversity of housing types is strongly driven by household formation and the preferences of these households with respect to dwelling type.

Compared to Greater Melbourne, families with children (both couples and lone parent) have a significantly higher weighting in Casey. Conversely, there are relatively fewer lone person and group households (see Table 2).

TABLE 2. DISTRIBUTION OF HOUSEHOLD TYPES

	2001		2006		2011	
	Melbourne	**Casey**	**Melbourne**	**Casey**	**Melbourne**	**Casey**
Couple family with children	37%	49%	35%	46%	35%	46%
One parent family	11%	12%	11%	13%	11%	13%
Couple family with no children	23%	22%	24%	22%	25%	22%
Other family	2%	1%	2%	1%	2%	1%
Lone person household	23%	15%	24%	16%	23%	16%
Group household	4%	2%	4%	2%	5%	2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: 2001, 2006 and 2011 ABS Census
Note: household categories over represented in Casey relative to Greater Melbourne are highlighted green.

A consequence of the household type profile in Casey, along with other factors such as land supply and prices, is the predominance of detached dwellings (Table 3).

TABLE 3. DWELLING DISTRIBUTION BY TYPE

|	2001		2006		2011	
	Melbourne	**Casey**	**Melbourne**	**Casey**	**Melbourne**	**Casey**
Separate house	75%	93%	73%	92%	72%	92%
Semi-detached, row or terrace house	11%	3%	11%	4%	12%	4%
Flat, unit or apartment	14%	4%	16%	4%	16%	4%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: ABS Census, 2011
Note: dwelling type categories over represented in Casey relative to Greater Melbourne are highlighted green.

3.2   A profile of Cranbourne housing and residents

Current housing stock

As of 2014 there were 1,250 dwellings in Cranbourne Town Centre[1]. This represented 1.3 per cent of total dwellings within Casey. Figure 6 shows the distribution of dwellings by densities. Figure 7 overleaf highlights how density ranges align with actual development forms. The map illustrates that most existing stock is low density (i.e. less than 30 dwellings per hectare). Existing medium density forms are concentrated within the Tucker Street, Russell Street West and Sladen Street precincts.

FIGURE 6. CURRENT DWELLING DENSITY
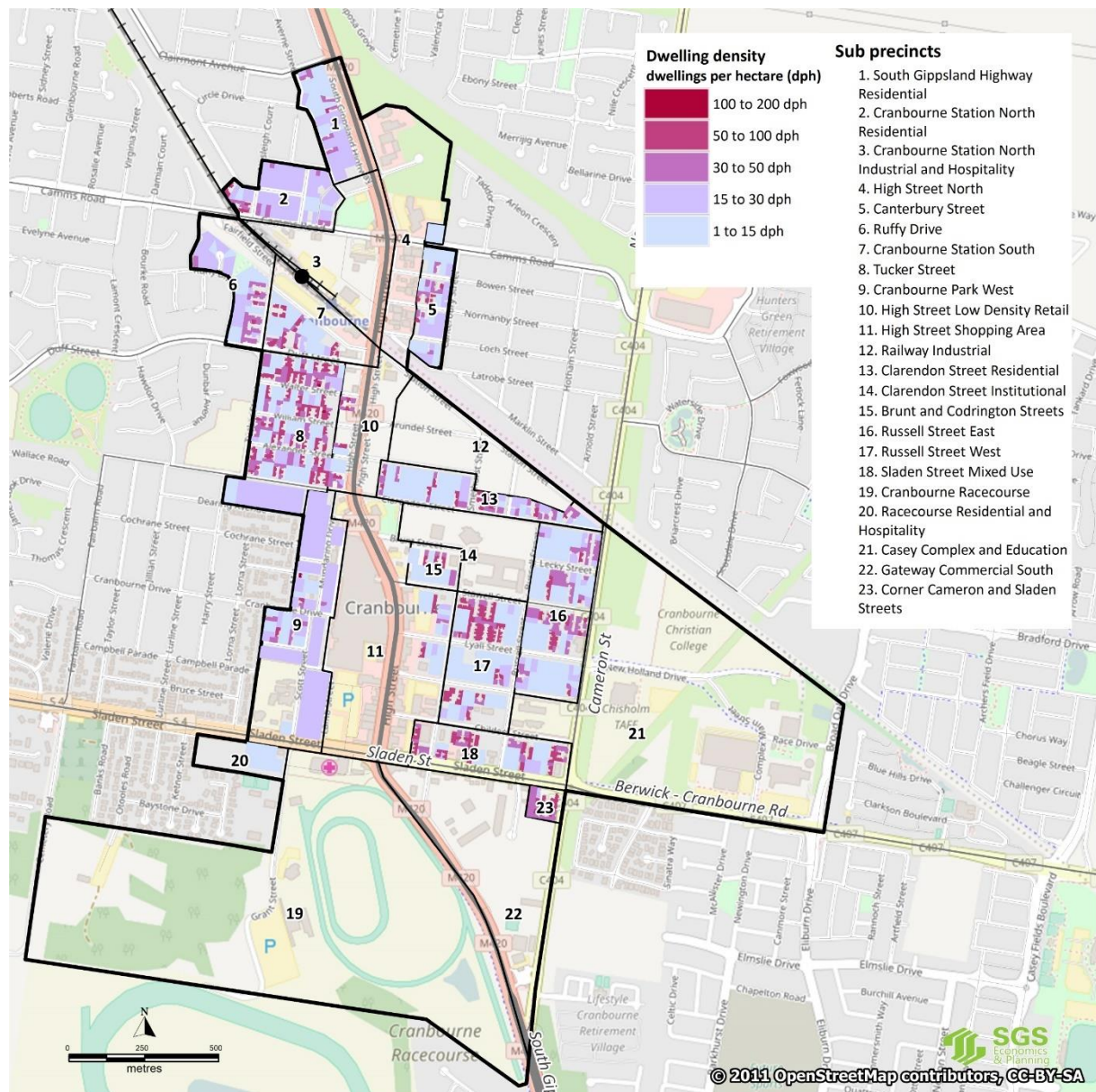
Source: Housing Development Data, 2014

---

[1] Housing Development Data, 2014.

SGS has completed detailed analysis of the 2014 Housing Development Data (HDD) across metropolitan Melbourne, and developed an understanding of the relationship between development typologies and site density. From this analysis, we have found that each development form typically falls within a particular density range. These ranges overlap, meaning multiple development forms can be achieved at one specific density (see Figure 7).

## FIGURE 7 DENSITY AND DWELLING FORMS

	Detached			Semi-detached			Apartment			
Density (dwellings per hectare)	< 10	10 - 15	15 - 20	20 - 30	30 - 40	40 - 60	60 - 100	100 - 200	200 - 400	> 400
Land consumed (sqm)	< 1,000	670 - 1000	500 - 670	330 - 500	250 - 330	170 - 250	100 - 170	50 - 100	30 - 50	> 30

Detached	VERY LOW DENSITY DETACHED Typical lot size: > 2,000 sqm	
	LOW DENSITY DETACHED Typical lot sizes: 1,000 to 2,000 sqm	
	DETACHED Typical lot sizes: 500 to 1,200 sqm	
Semi-detached	SMALL LOT DETACHED Typical lot sizes: 300 to 600 sqm	
	'VILLA' Typically 1 - 2 storey detached	
	'TOWNHOUSE' Typically 1 - 3 storey attached	
Apartments	'WALK UP' APARTMENT Typically 2 - 3 storey apartment	
	LOW-RISE APARTMENT Typically 4 - 8 storey apartment	
	MID-RISE APARTMENT Typically 9 - 15 storey apartment	
	HIGH-RISE APARTMENT Typically 15 storeys of over	
	MIXED USE DEVELOPMENT Varies with height and mix	

Source: SGS economics and Planning

SGS
Economics
& Planning

Existing dwelling structure types

Analysis of the 2011 ABS Census further supports the density analysis above (see Figure 8). Most dwellings are recorded as separate houses (53 per cent). The next largest dwelling type was flats, units or apartments. However, these are predominantly townhouse and unit type developments, rather than apartment blocks[2].

FIGURE 8. DWELLING DISTRIBUTION BY TYPE
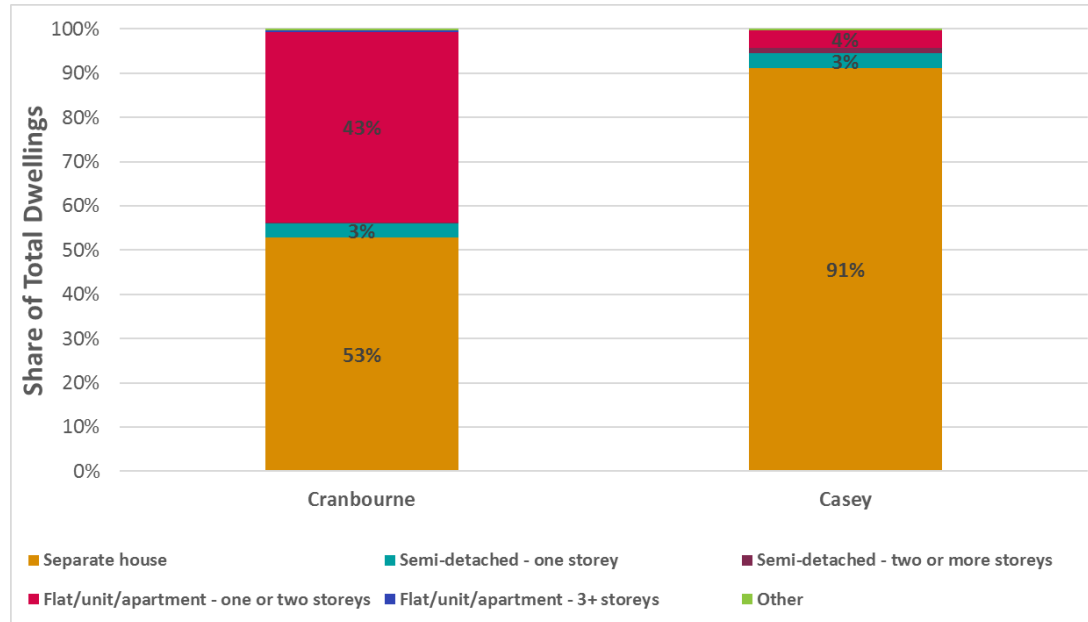
Source: ABS Census, 2011

---

[2] This is supported by density analysis of the HDD and market research of Cranbourne properties

Housing tenure

Tenure types in Cranbourne shows if a dwelling is owned, being purchased or rented. Figure 9 presents the tenure type by each of the main dwelling types in 2011. The majority of separate houses were either owned outright (34 per cent) or owned with a mortgage/being purchased (35 per cent). Approximately 30 per cent of separate houses were being rented. Comparatively, most semi-detached dwellings and units were being rented, 56 per cent and 60 per cent respectively. Overall, 44 per cent of dwellings in Cranbourne were being rented, which is significantly higher than the rental share for Casey (20 percent).

FIGURE 9. DWELLING TYPE BY TENURE, 2011
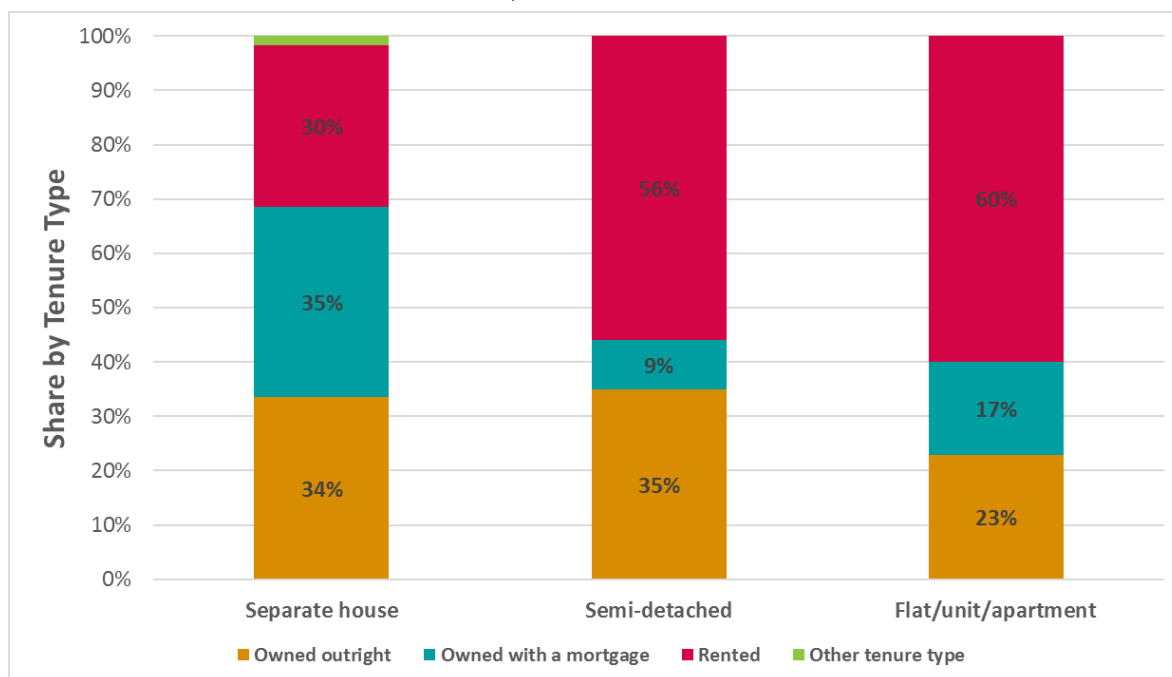
Source: ABS Census, 2011
Note: Other tenure type includes being occupied rent free, under a life tenure scheme or other tenure types

Resident demographic

Table 4 highlights the divergence across age groups, with Cranbourne consisting of a significantly greater proportion of over 65 year olds and a smaller proportion of children (0 – 19 year olds).

TABLE 4. POPULATION BY AGE, 2011

	0 – 19 years old	20 – 34 years old	35 – 64 years old	65+ years old
Cranbourne	22%	23%	39%	16%
Casey	31%	22%	39%	8%

Source: ABS Census, 2011

This propagates to household formation, resulting in lone person households being more prevalent in Cranbourne (38 per cent compared to 15 per cent for Casey) while couples with children are less common (19 per cent compared to 49 per cent for Casey).

Additional factors which are important determinants of housing demand are employment and income characteristics. The older demographic of Cranbourne results in a lower labour force participation rate of 57 per cent, compared to 69 per cent for Casey. However, there is an income gap between Cranbourne and the rest of Casey which is independent of the age distribution.

The average annual personal income of workers in Cranbourne is 14 per cent lower than the municipal-wide average. A similar result is evident in the distribution of household income, with Cranbourne being

more heavily skewed to lower income ranges than both Casey and Greater Melbourne. Figure 5 presents these distributions of equivalised total household income. This is household income which is adjusted to facilitate comparison of income levels between households of differing size and composition (i.e. a larger household requires a higher income to achieve the same level of welfare).

FIGURE 10.   EQUIVALISED HOUSEHOLD INCOME DISTRIBUTION
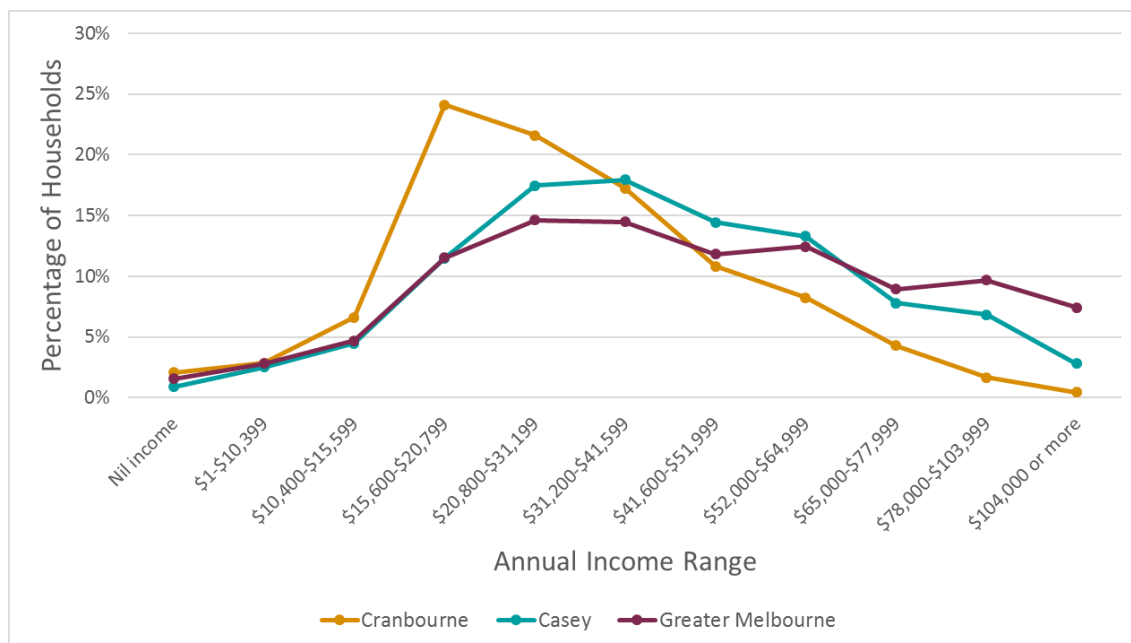
Source: ABS Census, 2011

> **Text Box 1: Equivalised Total Household Income: Census Dictionary Definition**
>
> Equivalised total household income can be viewed as an indicator of the economic resources available to a standardised household. For a lone person household, it is equal to household income. For a household comprising more than one person, it is an indicator of the household income that would be needed by a lone person household to enjoy the same level of economic wellbeing.
>
> Alternatively, equivalised total household income can also be viewed as an indicator of the economic resources available to each individual in a household.

Student housing

Housing for students can be a key driver for dwelling diversity, as this group often requires smaller and more affordable housing. At present, tertiary students do not comprise a significant portion of Cranbourne residents (6 per cent compared to 9 per cent for Casey). Despite the presence of the Chisholm institute in Cranbourne, the Berwick Education precinct remains the largest tertiary education attractor for the region.

As such, making students (and the associated dwelling demand) a viable target demographic for Cranbourne will depend largely on the attraction of a tertiary institution first.

3.3   Recent and future trends in housing development

Recent development

In the period 2004 to 2014 there were 55 completed housing development projects in Cranbourne[3], which added 53 dwellings to the overall stock. Low yield infill development (projects which yield less than 10 dwellings at a density lower than 100 dwellings/hectare) comprised 73 percent of these projects (with dwelling replacements and demolitions accounting for the remainder). There were no apartment or townhouse developments (i.e. yield of over 10 dwellings at a density greater than 40 dwellings/hectare) over this period in Cranbourne (and a very limited number across Casey).

Development pipeline and interest

The short-term market direction is consistent with this trend. Cordell Connect residential development project data[4] indicates that almost all future projects are low yield infill developments, with the exception being the development applications for a mixed-use development in the Cranbourne Station South precinct and apartment complex in the Sladen Street Mixed Use precinct (see Figure 11).

FIGURE 11.   DEVELOPMENT PIPELINE
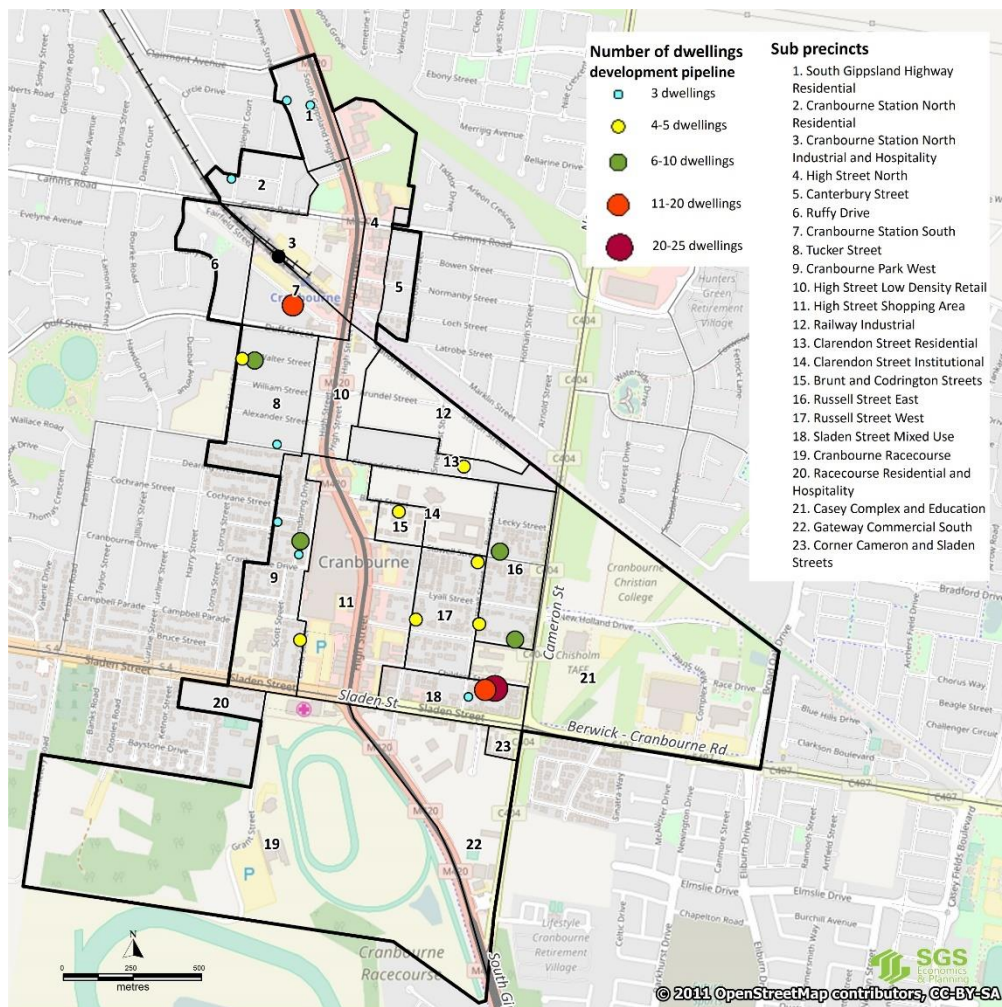
Source: Cordell Connect, SGS Economics and Planning, 2017
Note: Most projects displayed are in the development application stage

---

[3] Housing and Development Data, 2014.

[4] Cordell Connect tracks all residential projects with a development value greater than $500,000. This includes projects ranging from early planning through to construction

3.4 House prices and market dynamics

It is important to understand the local housing market dynamics impacting various development forms within the Cranbourne housing market.

New multi-unit housing supply occurs as a response to both underlying demand and as (generally) a profit-generating activity for land owners and developers. The potential profitability of any project is, however, subject to a range of risks. Project-related risk is directly affected by the scale of development (i.e. larger projects reflects greater risk), whereas market-related risk is lower in high-value markets as new housing supply has a better opportunity to fit within the prevailing local housing price hierarchy.

FIGURE 12   HOUSING MARKET PRICE HIERARCHY
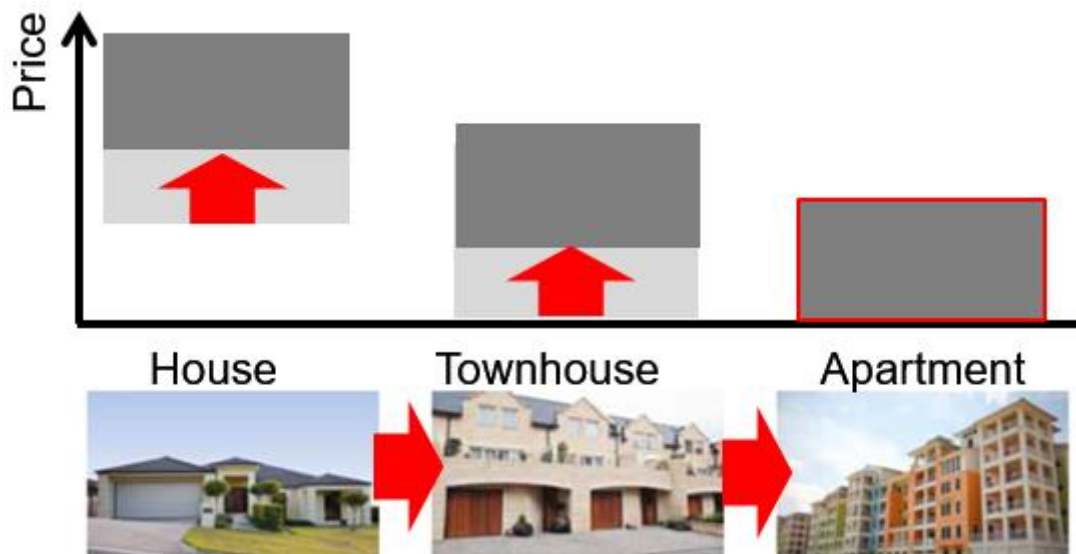
Source: SGS Economics and Planning, 2017

It should be expected that new housing supply will follow a pattern of increasing intensity over time as the value of housing in that location escalates so as to lower market related risks. These incremental changes to project density also facilitates market acceptance and financiers' confidence about the suitability of locations to accommodate alternative housing forms.

The low supply of townhouse and apartment development in Cranbourne is significantly driven by this dynamic and the quantity of land available surrounding areas. As shown in Table 5, the 'premium' required to purchase a house in Cranbourne (34 per cent in 2016) is significantly lower than the premiums of established suburbs of Brunswick and Doncaster, which face greater land supply constraints and enables a place in the price hierarchy for apartment scale development

TABLE 5. MEDIAN DWELLING PRICES

	2006			2016		
	House	**Unit/Apartment**	**House premium**	**House**	**Unit/Apartment**	**House premium**
Brunswick	$425,000	$296,000	*44%*	$825,000	$469,000	*76%*
Doncaster	$475,000	$367,000	*29%*	$1,200,000	$507,500	*136%*
Cranbourne	$218,000	$170,000	*28%*	$375,000	$280,000	*34%*

Source: DELWP, 2017

3.5 Summary

While the population of Casey has increased rapidly in recent years, this growth has been largely accommodated within greenfield estates, with very limited infill development in established centres such as Cranbourne.

The demographic composition of Cranbourne also differs from the surrounding region, as it has a higher proportion of retirees and lone person households. This in turn causes the lower employment and household incomes observed in Cranbourne.

Analysis of existing dwelling stock in Cranbourne, as well as recent and planned development, reveals that detached dwelling forms dominate. This is primarily driven by the currently prevailing market conditions. The high supply of land, along with the relatively low price of detached dwellings (relative to apartments/townhouses), result in limited demand for semi-detached and attached housing forms currently and in the short-term future.

SGS
Economics
& Planning

4   HOUSING DEMAND

4.1   Overview

Estimates of dwelling demand in Cranbourne have been generated using the SGS housing propensity model. The model estimates *implied* demand for dwelling types by analysing the likelihood (or propensity) of various age groups forming different household types, and then the likelihood of those household types residing in different dwelling forms (see Figure 13 below).

FIGURE 13. HOUSING DEMAND APPROACH
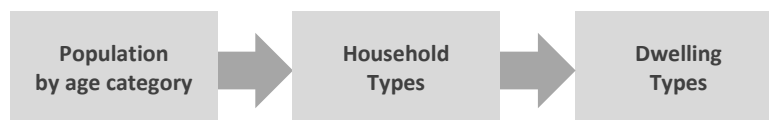
This implied demand derived from the model incorporates home buyer's practical trade-offs based on the supply that is available. If alternative housing stock was available, people may potentially present alternative preferences at the margin.

Three demand scenarios, which vary both quantum of population growth and preferences, have been considered.
− Scenario 1: A baseline scenario which aligns with the id consulting forecasts adopted by Council.
− Scenario 2: A policy realisation scenario which assumes that higher residential demand can be induced in Cranbourne, and that the demographic composition diversifies.
− Scenario 3: An augmented version of scenario 2, which assumes shifting dwelling preferences for households in Cranbourne.

A summary of the results is presented in the table below[5]. Demand over a twenty-year horizon will range between 360 and 410 additional dwellings, which represents an increase in Cranbourne stock of approximately 32 per cent. This growth, under all scenarios, will largely occur after 2031, as the greenfield supply in Casey absorbs regional demand in the short term. However, the nature of dwelling demand by type in response to household preferences is an aspect that should be considered in detail.

Current preferences (scenarios 1 and 2) result in an approximately equal demand for detached and attached forms. However, preferences will likely evolve as a result of both market forces (e.g. rising prices of detached dwellings) and policy implementation (e.g. improving accessibility and amenity of higher density areas). Should Cranbourne reflect the preferences seen in similar, but more mature, centres (scenario 3), demand for attached dwellings will be markedly higher (additional 370 compared to 2016) while demand for detached dwellings falls (30 fewer compared to 2016).

---

[5] Demand corresponds to *occupied* dwellings, and not total dwelling stock (supply). Thus, historical demand will be approximately 2% below estimates of stock obtained from the HDD.

TABLE 6   HOUSING DEMAND BY TYPE, CRANBOURNE[6]

	2011	2016	2021	2026	2031	2036	2016-36
Scenario 1							
Separate house	620	640	650	670	680	820	180
Semi-detached	40	40	40	50	50	60	20
Attached (Flat/unit/apartment)	560	570	580	600	610	730	160
Total	**1,220**	**1,250**	**1,270**	**1,320**	**1,340**	**1,610**	**360**
Scenario 2							
Detached	620	640	650	670	680	850	210
Semi-detached	40	40	40	50	50	60	20
Attached (Flat/unit/apartment)	560	570	580	600	610	750	180
Total	**1,220**	**1,250**	**1,270**	**1,320**	**1,340**	**1,660**	**410**
Scenario 3							
Detached	620	640	650	600	550	610	-30
Semi-detached	40	40	40	60	70	100	60
Attached (Flat/unit/apartment)	560	570	580	650	710	940	370
Total	**1,220**	**1,250**	**1,270**	**1,310**	**1,330**	**1,650**	**400**

Source: SGS Economics and Planning

Note: Figures rounded to the nearest 10 dwellings

4.2   Housing Demand Scenarios

As mentioned in section 3.2, the ABS Census classification of dwellings as 'Flat/Unit/Apartments' is in fact referring to attached townhouse or unit dwelling forms rather than high-density flat or apartment blocks. The remainder of this report will therefore consider the 'Separate House' category as referring to detached low density dwellings while the 'Semi-detached' and 'Attached (Flat/unit/apartment)' category will represent dwellings ranging from medium-density attached dwellings (e.g. townhouses) to high-density attached forms (e.g. 4-storey apartment block).

Scenario 1 – Baseline (consistent with id consulting forecasts)

This scenario represents the 'baseline' forecast for Cranbourne, which aligns to the growth forecasts adopted by Council[7]. The scenario also assumes that the age-profile and preferences of Cranbourne residents do not change.

In the short term (2016 – 2021), development approvals provide an indication of market demand (i.e. population growth). A 50% discount is applied to reflect the fact that not all approvals will be realised. Medium term demand, from 2021 to 2031, is then assumed to grow marginally, consistent with historical rates.

It is only in the post twenty-year horizon that significant demand is forecast within Cranbourne, as the supply of Greenfield land in the surrounding area becomes constrained. The annual population growth rate of Cranbourne, which was previously 0.5 per cent, now rises to 6 per cent per annum.

The resulting dwelling demand is presented in Figure 14, showing a net demand for 1,100 additional dwellings over the next twenty-five years. This will be evenly shared across low and higher density dwelling forms, with demand for 560 additional detached dwellings and 540 more semi-detached or attached dwellings.

---

[6] Summary results shown to 2036, which is Council's current planning horizon. However, modelling has been extended to 2041 for the remainder of this section.

[7] Prepared by ID Consulting

FIGURE 14.   DWELLING DEMAND BY TYPE – SCENARIO 1
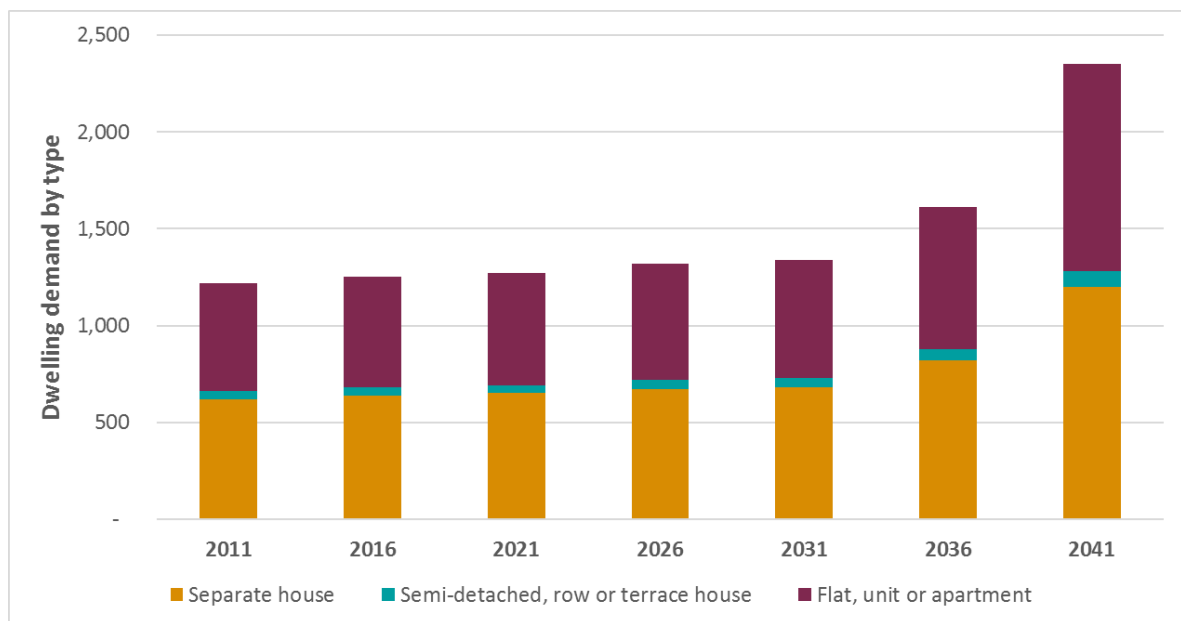
Source: SGS Economics and Planning, 2017

Scenario 2 – Policy realisation

As described in section 2, both state and local planning policy seek to direct more demand to established centres. Diversifying the resident population should also be encouraged. For instance, attracting younger residents is likely to increase labour force participation rates. This will maximise the effectiveness of existing infrastructure, transport networks and services.

The second scenario represents the successful realisation of such policy objectives. It models an accelerated rate of residential growth and an evolving demographic profile within Cranbourne from 2031 to 2041. The two driving assumptions are:

− Overall population growth will be 30 per cent greater than the baseline scenario. This corresponds to Cranbourne accommodating 6 per cent of the population growth forecast for Casey in 2041 (compared to 4 per cent under scenario 1).
− A more diversified demographic composition. Specifically, it's assumed that the age profile of Cranbourne will reflect that of the broader region, comprising a lower proportion of people aged above sixty-five and a higher proportion of young families.

Figure 15 compares the population by age forecasts under scenarios one and two, showing a higher share of younger residents from 2036.

FIGURE 15.   POPULATION BY AGE COMPARISON – SCENARIO 1 VS SCENARIO 2

Source: SGS Economics and Planning, 2017

As seen in Table 6 and Figure 16, this results in demand for 170 dwellings more than scenario 1 by 2041, which is largely comprised of demand for detached forms. The result is primarily driven by the propensity of the younger age groups to form family households with children, and the current preference of these households to occupy detached dwellings.

FIGURE 16.   DWELLING DEMAND BY TYPE – SCENARIO 2

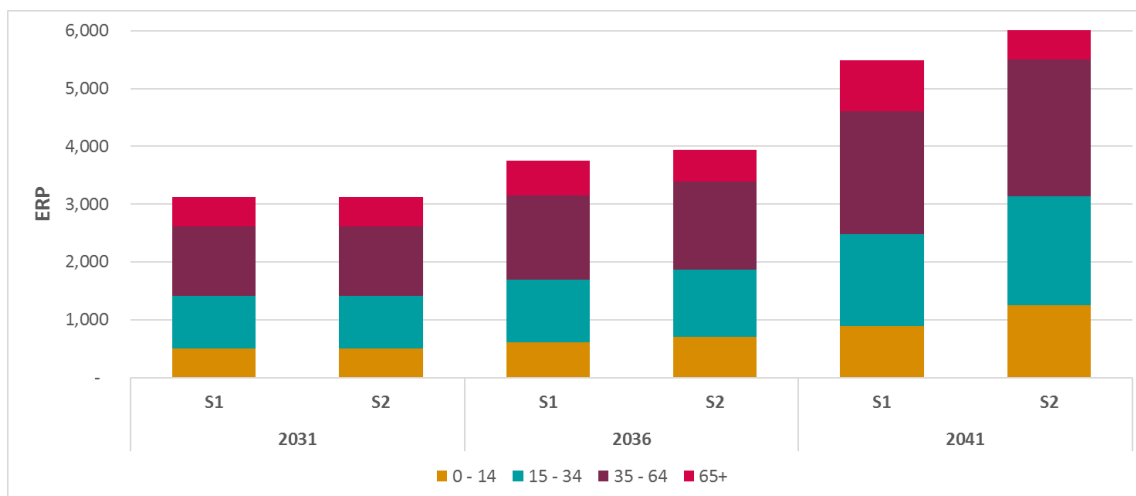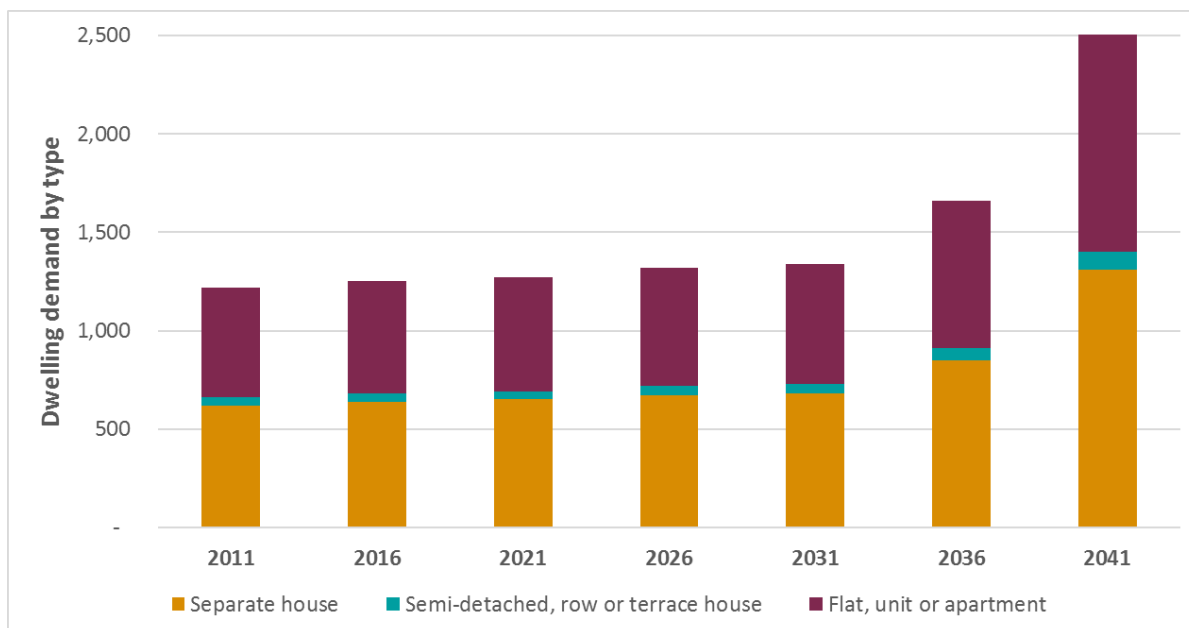Source: SGS Economics and Planning, 2017

Scenario 3 – Policy realisation plus preference shifts

While households in Cranbourne currently display a strong affinity for detached dwellings, their preferences will evolve as the residential market matures and greenfield supply across Casey declines. Moreover, the continued take-up of capacity within Cranbourne will increase the price differential between detached and attached dwellings, shifting preferences towards smaller housing forms. Scenario 3 retains the population growth assumptions of scenario 2, but allows dwelling preferences to shift between 2021 and 2041. Specifically, the dwelling preferences of Cranbourne households are assumed to evolve in such a way that, by 2041, they align with the preferences observed in Central Dandenong in 2011. The choice is motivated by the fact that Dandenong is a more mature centre in close proximity to Cranbourne (therefore likely to be subject to similar regional forces).

TABLE 7. SCENARIO 3 – CRANBOURNE DWELLING PREFERENCE ASSUMPTIONS

Dwelling Type	Couple family with no children	Couple family with children	One parent family	Other family	Lone person household	Group household
2016						
Separate house	60.5%	74.9%	61.7%	57.3%	34.7%	46.5%
Semi-detached	2.2%	1.6%	4.9%	0.0%	4.6%	0.0%
Flat, unit or apartment:	37.3%	23.5%	33.4%	42.7%	60.7%	53.5%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
2041 (Aligned to 2011 Central Dandenong profile)						
Separate house	30.6%	43.0%	40.9%	34.2%	25.5%	39.9%
Semi-detached	6.8%	7.6%	5.7%	10.0%	6.5%	6.3%
Flat, unit or apartment:	62.6%	49.4%	53.5%	55.8%	68.0%	53.8%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: ABS and SGS Economics and Planning, 2017

Compared to scenario 2, demand by dwelling type differs significantly. The additional demand (between 2016 and 2041) for semi-detached and attached dwellings is now forecast to be 1,080 dwellings. This represents 86 per cent of net demand (compared to 47 per cent in scenario 2).

FIGURE 17.   DWELLING DEMAND BY TYPE – SCENARIO 1 VS SCENARIO 3
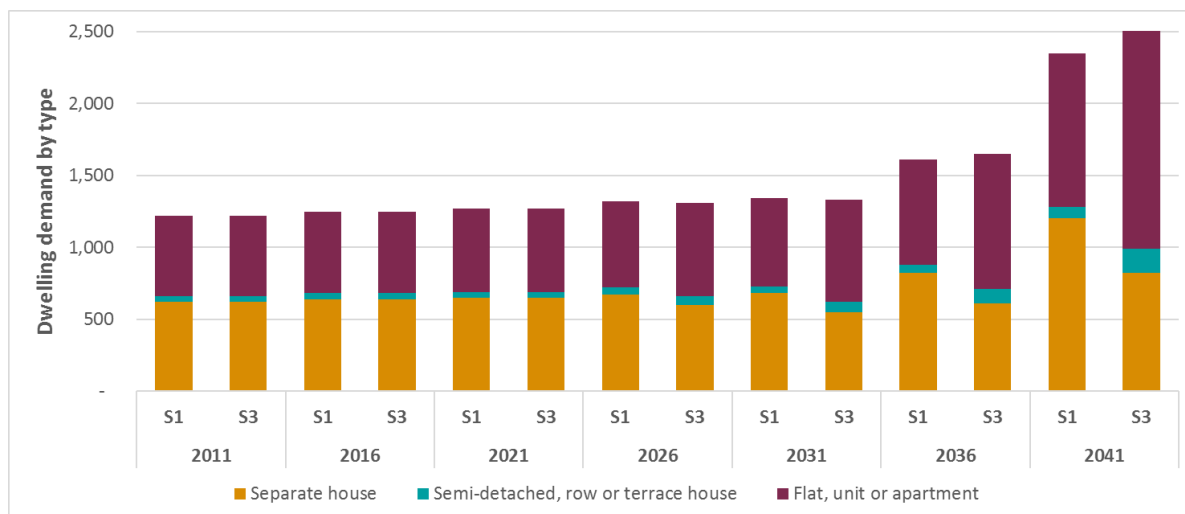
Source: SGS Economics and Planning, 2017

5   HOUSING CAPACITY ASSESSMENT

5.1   Overview

There are currently 1,275 dwellings located within Cranbourne Town Centre, with estimated demand for up to 400 dwellings by 2036. The capacity assessment estimates that, if maximum capacity is reached, there is potential for a total of 10,970 dwellings based on current planning controls, which is significantly higher than the future short-medium term requirements.

This is a **theoretical** capacity and does not consider over what time period it could be realised, if the development is feasible in future market conditions, or the likelihood of a planning permit being issued. These factors are further investigated in Chapter 6.

The capacity of Cranbourne would be highest if all land was developed to the maximum density allowed. However, underdevelopment (relative to the planning controls) does occur as the market adapts to preferences, site opportunities and other factors. Incremental intensification (as opposed to development at the maximum density) helps the development industry test the market and enables higher density to ultimately be realised. This realisation of capacity varies by location.

For example, some specific renewal sites (discussed below) may be fully built out and achieve their capacity. Other precincts, such as Tucker St, already have a significant amount of medium density housing, and will therefore be unable to realise the theoretical capacity.

Table 8 shows the overall dwelling capacity potential of Cranbourne based on three build out scenarios. This illustrates there is significant additional capacity across Cranbourne.

TABLE 8. CRANBOURNE TOWN CENTRE HOUSING CAPACITY[8]

Development intensity scenarios	Detached	Medium density attached	High density attached	Total dwellings	Net additional capacity
Detached house build out	1,210	-	-	**1,210**	-70
Townhouses build out	-	3,230	-	**3,230**	1,950
Theoretical build out	-	650	10,320	**10,970**	9,690

Source: SGS Economics and Planning, 2017
Note: Figures rounded to the nearest 10 dwellings

There are a selection of key locations which have strategic value and favourable site characteristics (e.g. undeveloped or low level of subdivision). Such sites could be retained for higher order development. These include:
- Sub-precinct 7 (Cranbourne Station South)
- Eastern portion of Sub-precinct 9 (Cranbourne Park West)
- Sub-precinct 15 (Brunt and Codrington Streets)
- Sub-precinct 21 (Casey Complex and Education)
- Sub-precinct 3 (Cranbourne Station North)

---

[8] Based on the estimated resident population in 2016 and unoccupancy rate of 2%, the 2016 dwelling stock should be 1,275 (compared to the last observed HDD count of 1250 in 2014)

SGS
Economics
& Planning

5.2   Detailed housing capacity breakdown

Capacity approach

The theoretical capacity[9] of Cranbourne, by dwelling type, under three development scenarios has been estimated based on the following assumptions:

- No capacity allocated to sub-precincts 4, 12, 14, 19 and 22. This is consistent with current dwelling stock, and the restriction of capacity is primarily driven by the existing planning controls. While residential development is permitted in parts of some sub-precincts (e.g. Gateway Commercial South), these have existing commercial uses which should be intensified (see *Cranbourne Town Centre Economic Assessment)*. While employment should be prioritised, the current zoning does still permit residential. Therefore, a limited quantum of small-office/home-office (SOHO) potential also exists.

- Sub-precinct 21 (Casey Complex and Education) is only allocated capacity to the land currently owned by the Salvation Army. It should be noted that while some short-stay or student accommodation may be developed around the Casey Complex, this is more closely aligned to commercial accommodation than to residential dwelling stock.

- Limited capacity allocated to sub-precinct 11 (High Street Shopping Area) due to commercial focus. Capacity is constrained to existing residential area on the Western border.

- St Agatha's Parish and primary school do not contribute to the capacity of sub-precinct 9 (Cranbourne Park West).

- Detached dwellings (i.e. low density) have a density of 15 dwellings per hectare.

- Medium density attached dwellings (e.g. those common in the Tucker Street sub-precinct) have a density of 40 dwellings per hectare.

- High density attached dwellings have a density of 160 dwellings per hectare. For context, this corresponds to a four-storey development with a site coverage of 70%, efficiency of 75% and average apartment size of 130 square metres.

- Sub-precincts which are primarily covered by the RGZ or proposed ACZ amendment (C204), are assumed to be able to support all development forms (i.e. detached dwellings, medium density attached dwellings and high density attached dwellings).

- Remaining sub-precincts (i.e. unchanged ACZ), which permit residential development, can support detached dwellings and medium density attached dwellings

---

[9] Estimated by applying density assumptions to total lot area within each sub-precinct

Capacity results

Table 9 elaborates, showing capacity by sub-precinct under the <u>maximum development scenario</u>.

Sub-precincts 8, 9, 16 and 17 represent the areas with the highest capacity. This is a result of their proposed rezoning to RGZ (and/or C204 amendment of the ACZ to reflect RGZ properties) as well as relatively large net areas. Areas with more restrictive controls, such as sub-precincts 3 and 21 can nonetheless supply medium density stock in key locations.

TABLE 9. DWELLING CAPACITY – THEORETICAL BUILD OUT

Sub precinct number	Sub precinct name	Detached	Medium density attached	High density attached	Total dwellings
1	South Gippsland Highway Residential	-	-	510	**510**
2	Cranbourne Station North Residential	-	-	670	**670**
3	Cranbourne Station North Industrial and Hospitality	-	200	-	**200**
4	High Street North	-	-	-	**-**
5	Canterbury Street	-	-	520	**520**
6	Ruffy Drive	-	-	550	**550**
7	Cranbourne Station South	-	-	470	**470**
8	Tucker Street	-	-	1,790	**1,790**
9	Cranbourne Park West	-	-	1,380	**1,380**
10	High Street Low Density Retail	-	170	-	**170**
11	High Street Shopping Area	-	70	-	**70**
12	Railway Industrial	-	-	-	**-**
13	Clarendon Street Residential	-	-	770	**770**
14	Clarendon St Institutional	-	-	-	**-**
15	Corner Brunt and Codrington Streets	-	-	260	**260**
16	Russell Street East	-	-	1,410	**1,410**
17	Russell Street West	-	-	1,080	**1,080**
18	Sladen Street Mixed Use	-	-	750	**750**
19	Cranbourne Racecourse	-	-	-	**-**
20	Racecourse Residential and Hospitality	-	60	-	**60**
21	Casey Complex and Education	-	150	-	**150**
22	Gateway Commercial South	-	-	-	**-**
23	Corner Cameron and Sladen Streets	-	-	160	**160**
	Cranbourne - Theoretical build out	**-**	**650**	**10,320**	**10,970**
	Cranbourne - Existing				**1,280**
	Cranbourne - Net				**9,690**

Source: SGS Economics and Planning, 2017
Note: Figures rounded to the nearest 10

Build out sensitivity

While theoretical dwelling capacity of Cranbourne depends primarily on planning controls, the likely build out within each Sub-precinct will be influenced by a host of other factors. Table 10 shows the capacity within Cranbourne under three scenarios ranging from a 'Detached house build out' to the 'Theoretical build out'. These represent lower and upper bounds to Cranbourne's total dwelling capacity, as it is clear that neither is a feasible realisation (e.g. existing medium density stock will not all be redeveloped as apartments).

The 'Townhouses build out' scenario represents a future in which apartment developments never become feasible, and medium density developments consume all land available for residential development. This could also be indicative of a range of scenarios which incorporate a mix of low to high density developments. Note that this capacity is still sufficient to meet demand to 2036.

These three scenarios can be used to define a capacity range which is more likely to be realised. One likely measure of capacity is the mid-point between the 'Townhouses' and 'Theoretical' scenarios. This would represent a capacity of 7,100 dwellings.

TABLE 10. CRANBOURNE TOWN CENTRE HOUSING CAPACITY[10]

Development intensity scenarios	Detached	Medium density attached	High density attached	Total dwellings	Net additional capacity
Detached house build out	1,210	-	-	**1,210**	**-70**
Townhouses build out	-	3,230	-	**3,230**	**1,950**
Theoretical build out	-	650	10,320	**10,970**	**9,690**

Source: SGS Economics and Planning, 2017
Note: Figures rounded to the nearest 10 dwellings

---

[10] Based on the estimated resident population in 2016 and unoccupancy rate of 2%, the 2016 dwelling stock should be 1,275 (compared to the last observed HDD count of 1250 in 2014)

5.3 Strategic capacity locations

Identifying locations which have strategic value (with respect to providing housing capacity) can be done at two levels. The first, is to identify areas which are conducive to higher density residential development, considering criteria such as accessibility, subdivision patterns and planning controls. Next, existing sites within these areas should be examined.

Sub-precinct 7 (Cranbourne Station South) and the Eastern portion of Sub-precinct 9, which are located next to Cranbourne Station and Cranbourne Park Shopping Centre respectively, are both suitable for high density development. In addition to their proximity to transport and services, they are primarily covered by amendment C204 and have a significant number of intact lots (making consolidation for apartment developments easier). Sub-precinct 15 is similarly well placed to accommodate high density development. With respect to specific sites, lot consolidation will likely be required to facilitate apartment projects (discussed further in sections 6.2 and 7).

While not covered by amendment C204, there are sites within Sub-precincts 3 and 21 which also have strategic development potential. The North-Western lot within Sub-precinct 21 (currently owned by the Salvation Army) represents a site with significant capacity and excellent access to institutional facilities (e.g. schools, Chisholm TAFE, Casey Complex). The proposed extension of the Cranbourne rail line, and location of the Cranbourne East station further highlight its value. Land in Sub-precinct 3 presents similar opportunities to that in Sub-precinct 7, with market interest for mixed-use development already being expressed.

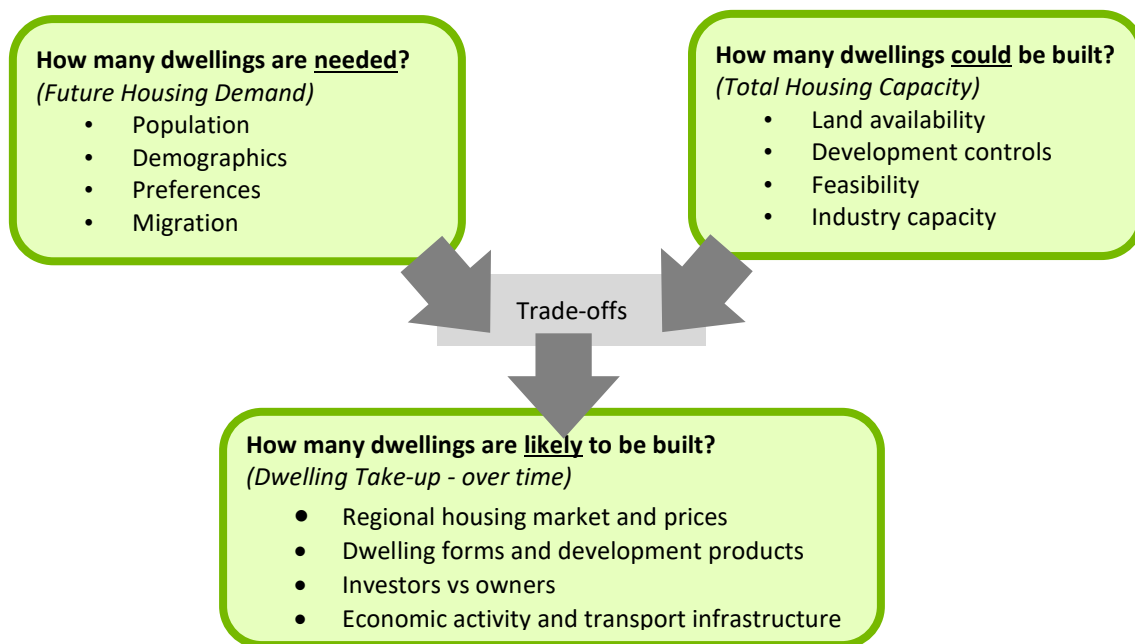FIGURE 18 STRATEGIC CAPACITY LOCATIONS
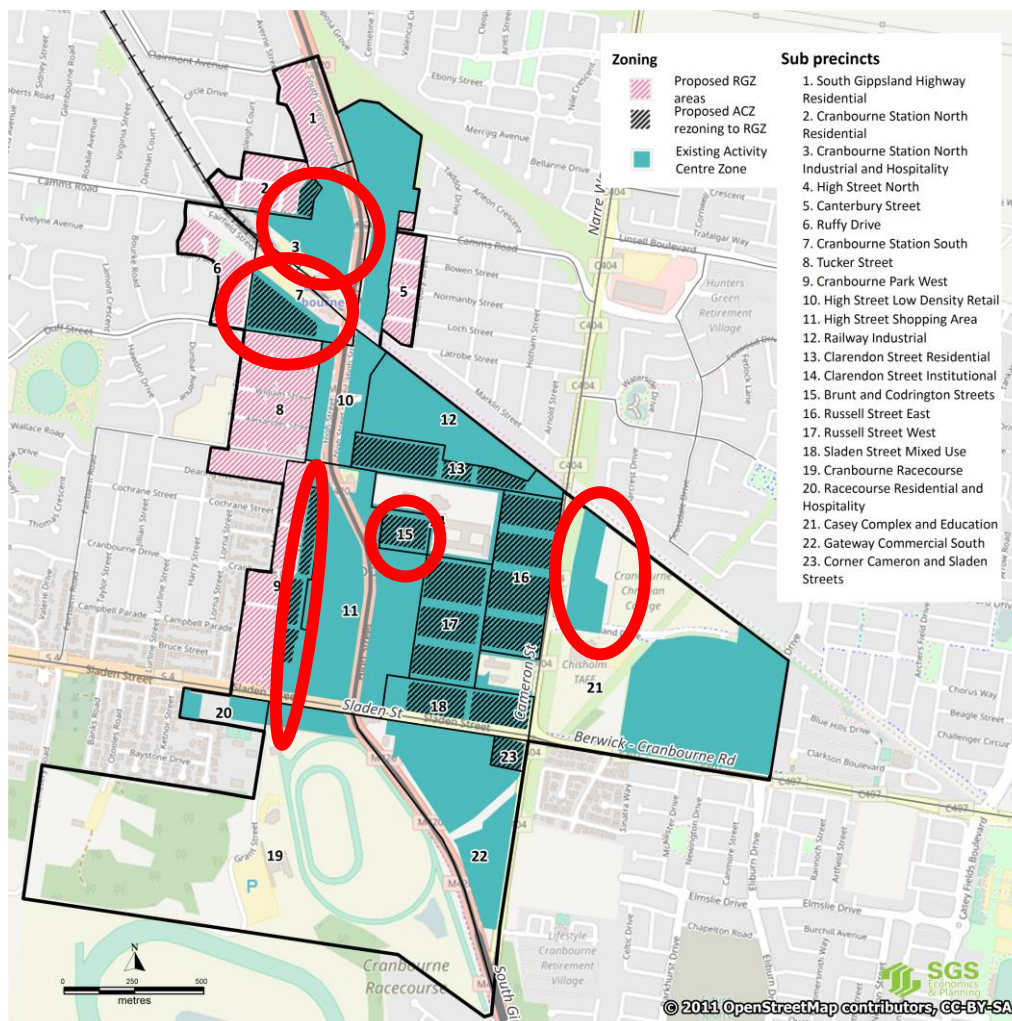
6 HOUSING ALIGNMENT AND RECOMMENDATIONS

6.1 Housing alignment

There are several complex factors which influence dwelling take-up. Historical trends along with planning and approval data provide solid information over the short term. However, to understand the likely rate of dwelling take up there needs to be some understanding of how households, developers and the market will adjust and impact take up rates in the medium to long term.

Figure 19 highlights some of the dynamics impacting the Cranbourne housing market. It shows that the number of dwellings likely to be built (i.e. dwelling take up) is influenced by future housing demand, factors that influence how many houses could be built (supply) and the trade-offs that people and developers make to realise supply in a location and time period.

FIGURE 19 UNDERSTANDING HOUSING MARKETS AND DWELLING TAKE UP

How many dwellings are <u>needed</u>?
(Future Housing Demand)
- Population
- Demographics
- Preferences
- Migration

How many dwellings <u>could</u> be built?
(Total Housing Capacity)
- Land availability
- Development controls
- Feasibility
- Industry capacity

Trade-offs

How many dwellings are <u>likely</u> to be built?
(Dwelling Take-up - over time)
- Regional housing market and prices
- Dwelling forms and development products
- Investors vs owners
- Economic activity and transport infrastructure

Source: SGS Economics and Planning

The three demand scenarios presented in section 4 all assume that significant growth will only occur in the period post-2031. This is a result of broader market supply trends, which Council is unlikely to influence. Following 2031, Cranbourne is forecast to grow rapidly, at which point the induced dwelling demand can be guided by policy. The quantum of this demand will be driven by factors such as the availability of capacity, provision of additional transport infrastructure and access to services. Similarly, the type of dwellings required can be influenced by policies which shape the demographic profile of new residents (e.g. attraction of young workers by increasing employment opportunities within Cranbourne).

Aligning demand to capacity, the most striking result is that current dwelling preferences are not sustainable if Cranbourne is to accommodate the forecast population. With a maximum capacity of 1,210 detached dwellings, demand for this form would approach theoretical capacity by 2036 (and require the re-consolidation of sub-divided lots). This illustrates the fact that supply by housing form will not always meet demand based on true preferences. Rather, the market will match these preferences while feasible and consumers will make trade-offs to bridge the 'gap' (e.g. willing to occupy a smaller dwelling if price discount is sufficient). Demand scenario 3 represents such an outcome, with consumer preferences shifting away from detached forms. Take up of vacant land, along with lot consolidation and redevelopment (as detached demand is in fact lower in 2036 than in 2016), can then realise a greater proportion of medium to high density dwellings to meet aggregate consumer demand.

Figure 20 aligns the aggregate demand of scenario 3 (high growth) to the capacities discussed in section 5.2 (i.e. theoretical capacity and a likely discounted measure). This shows that capacity far exceeds demand to 2036, with sufficient flexibility to accommodate a variety of dwelling types.

FIGURE 20.   HOUSING ALIGNMENT
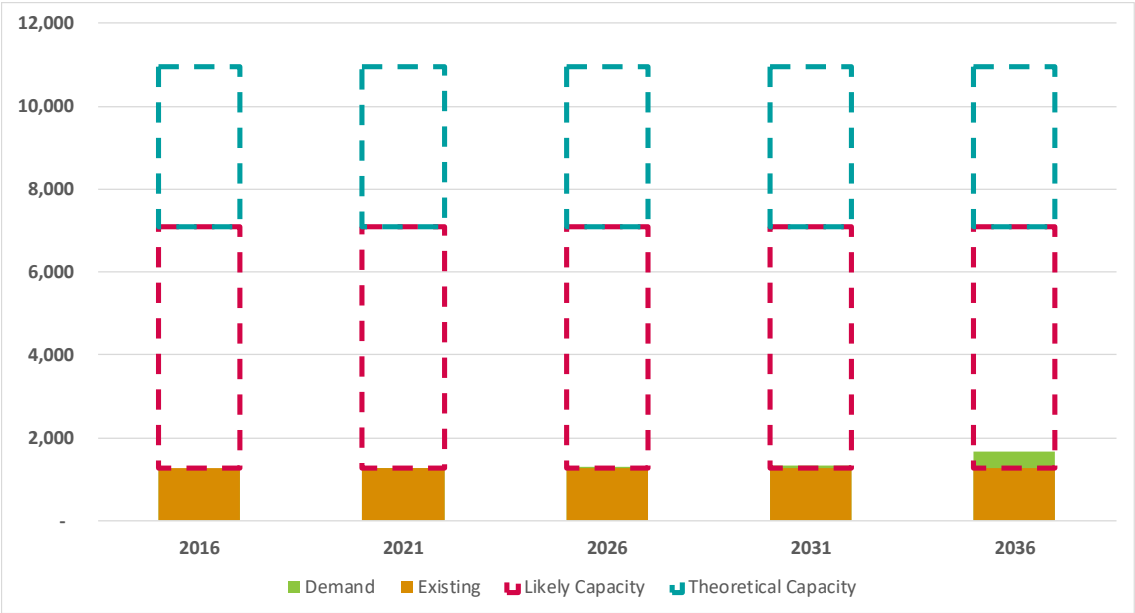
Source: SGS Economics and Planning

6.2   Recommendations

There are currently 1,275 dwellings located within Cranbourne Town Centre with estimated demand for up to 400 dwellings by 2036. The capacity assessment estimates there is potential for almost 11,000 additional dwellings. The proposed zoning changes make capacity in Cranbourne well placed to meet demand over the next twenty years. Therefore, the focus of policy should be to facilitate the provision of more diverse and higher density housing in strategic areas while recognising and supporting the regional role played by Cranbourne as an economic centre.

Section 5.3 highlighted that certain areas of Cranbourne, such as Sub-precincts 3, 7, 9, 15 and 21 are strategic locations which are conducive to high density development. However, medium density renewal activity (e.g. 2-3 storey mixed use developments) should not be discouraged in these areas, as housing stock is typically renewed on a continuum (i.e. gradual renewal from low to high density forms rather than a 'step change').

As such, key recommendations are as follows:
- Quarantining strategic sites for high density development is not recommended as initial medium density renewal activity will also be most feasible at these sites. This will then 'lead' the market and stimulate the subsequent provision of higher density stock
- It is recommended that policy should have the aim of preserving or consolidating current lots at such sites, and that caution be exercised when assessing proposals to subdivide lots. Higher degrees of sub-division, or the presence of strata titles, will raise barriers to future apartment projects
- Facilitate development typologies which avoid subdivision of land
- In the short-term[11], medium density developments should be encouraged as long as they remain on a single title and don't compromise development potential. For example, townhouse developments under a strata title will aid the transition to higher density while minimising impact on development potential

Figure 21 identifies sites which are of strategic value, and should be assessed in accordance with the recommendations made above.
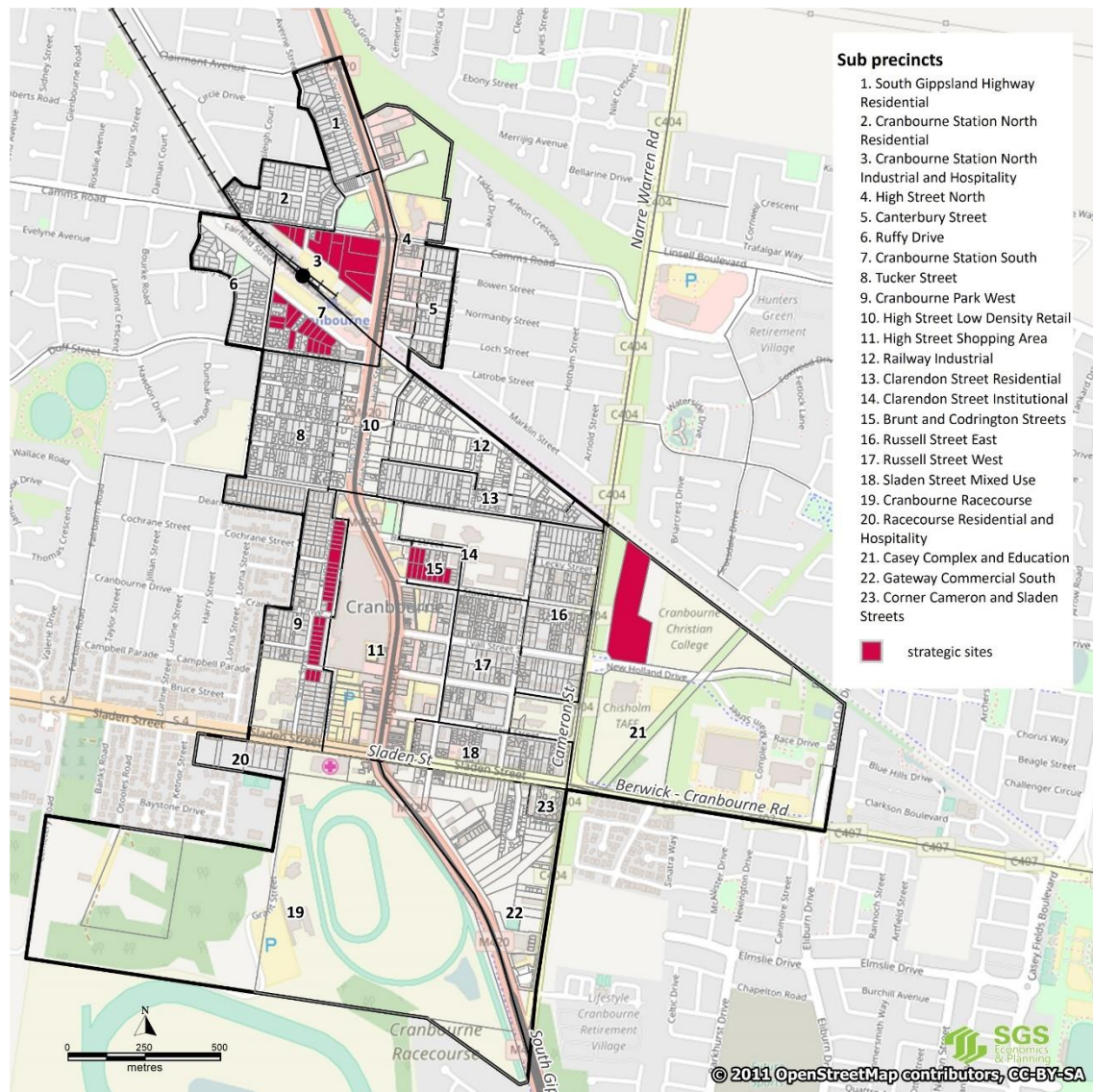- Sites with high access to transport infrastructure, such as those highlighted in Sub-precincts 3 and 7, will provide the greatest opportunity for high density developments
- The Eastern portion of Sub-precinct 9 and South-Western part of Sub-precinct 15 also represent highly suitable locations due to their proximity to the commercial core of Cranbourne Town Centre
- As discussed in section 5.3, the Salvation Army lot in Sub-precinct 21 is a large site near the proposed Cranbourne East Station. While some subdivision will be required, the potential for future high density development should not be compromised.

Although residential development is permitted within ACZ land, policy should not undermine Cranbourne's core retail and employment role as a Principal Activity Centre. In particular, Sub-precincts 10 and 22 should be reserved for intensified employment uses. It is also recommended that consideration be given to applying RGZ characteristics to the remaining ACZ land within Sub-precincts 9 and 13, as this will increase capacity in well located areas.

---

[11] i.e. Before apartments become feasible

SGS
Economics
& Planning

FIGURE 21. STRATEGIC SITES

Sub precincts
1. South Gippsland Highway Residential
2. Cranbourne Station North Residential
3. Cranbourne Station North Industrial and Hospitality
4. High Street North
5. Canterbury Street
6. Ruffy Drive
7. Cranbourne Station South
8. Tucker Street
9. Cranbourne Park West
10. High Street Low Density Retail
11. High Street Shopping Area
12. Railway Industrial
13. Clarendon Street Residential
14. Clarendon Street Institutional
15. Brunt and Codrington Streets
16. Russell Street East
17. Russell Street West
18. Sladen Street Mixed Use
19. Cranbourne Racecourse
20. Racecourse Residential and Hospitality
21. Casey Complex and Education
22. Gateway Commercial South
23. Corner Cameron and Sladen Streets

■ strategic sites

Source: SGS Economics and Planning, 2017; Housing Development Data, 2014

7 IMPLEMENTATION PLAN

Planning tools that can be used to facilitate higher density include:
- Zoning, which can be used to prohibit development, essentially by quarantining land. Land can then be rezoned as the market becomes ready to build higher density development.
- Height controls which can specify a minimum height. This can be a mandatory control if a good case can be made for it.
- Building and works controls that require buildings to be capable of supporting higher density development in the future (for example, by requiring footing supports for a larger scale building than that being built).
- Subdivision controls that limit fragmentation of lots and support the consolidation of lots. This preserves the opportunity for higher density development in the future.
- Policy which can nominate the preferred future built form outcomes.

For the reasons outlined in the Recommendations section of this report, quarantining of land is not recommended. The first three planning tools have the effect of quarantining land. This section of the report recommends subdivision controls and policy to encourage the future intensification of development on key strategic sites in Cranbourne Town Centre.

To implement the recommendations of this report, amendments should be made in Casey Planning Scheme to identify:
- There are strategic sites in sub-precincts 3, 7, 9, 15 and 21 conducive to high density housing development in the longer term and provide medium density housing development opportunities in the shorter term.
- Sub-precincts 9 and 13 are well located and provide opportunities for housing that would be permitted under the Residential Growth Zone.
- Sub-precincts 10 and 22 should be reserved for intensified employment uses and housing avoided in these areas.
- Subdivision should be avoided on strategic sites in sub-precincts 3, 7, 9, 15 and 21 to maximise the potential for higher density development in the future. This does not preclude town-house developments which remain on a single title (e.g. strata title).
- Consolidation of sites will generally be supported across the centre to allow the opportunity for higher density development in the future.

Most of the land in these sub-precincts currently fall within the ACZ1. Part of sub-precinct 9, to the West of Mundaring Drive, is zoned GRZ1 (proposed rezoning to RGZ as part of the Casey Housing Strategy) and part of sub-precinct 22 is zoned PUZ1.

Table 11 outlines how the SGS sub-precincts SGS align with the ACZ1 and surrounding zones.

TABLE 11. SUB-PRECINCT ALIGNMENT AND USE

SGS precinct	Uses	Corresponding ACZ1 precincts
Sub-precinct 9	High density housing on strategic sites Medium density housing	Precinct 4E Part of Precinct 4D (east of Lamb Street) Part outside ACZ1 1 boundary (west of Mundaring Drive, zoned GRZ1)
Sub-precinct 7	High density housing on strategic sites Medium density housing	Precinct 2E Part of Precinct 1E (south east corner)
Sub-precinct 3	High density housing on strategic sites Medium density housing	Precinct 2D
Sub-precinct 21	High density housing on strategic sites Medium density housing	Precinct 7A
Sub-precinct 15	High density housing on strategic sites Medium density housing	Precinct 6B Precinct 6C
Sub-precinct 13	Residential Growth Zone type housing.	Precinct 6A Part of Precinct 3B (eastern corner)
Sub-precinct 22	Intensified employment use No housing	Precincts 8A, B, C, D Part excluded from ACZ1 (zoned PUZ1, on south east of intersection of Sladen Street and Highway).
Sub-precinct 10	Intensified employment use No housing	Precincts 1A, B, C, D, F

Council has identified that it prefers to maintain the ACZ1 within its current boundaries if the centre can meet future demand for both residential and employment uses. The findings of this report, as well as the *Cranbourne Town Centre: Economic Assessment*, indicate that capacity is sufficient. Therefore, amending the ACZ1 schedule such that it reflects desired uses and achieves the outcomes discussed is a viable option.

In addition, two parts of the Municipal Strategic Statement (MSS) should be amended to recognise the future housing role of Casey Town Centre. These are Clause 21.03 Settlement and Housing and Clause 21.15 Cranbourne.

Versions of Council's planning ordinance have been prepared to demonstrate changes to the scheme that should be made to implement this strategy.
− Attachment A: Amended Clause 21.03 Settlement and Housing
− Attachment B: Amended Clause 21.15 Cranbourne
− Attachment C: Amended ACZ1

Contact us

SGS
Economics
& Planning