

TRANSCRIPT

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Apartment Design Standards

Melbourne—Wednesday, 16 February 2022

MEMBERS

Ms Sarah Connolly—Chair

Mr David Morris—Deputy Chair

Mr Will Fowles

Ms Danielle Green

Mr Paul Hamer

Mr Tim McCurdy

Ms Cindy McLeish

WITNESSES

Mr Julian Lyngcoln, Deputy Secretary, Planning,

Mr Andrew Grear, Executive Director, Planning Implementation and Heritage,

Dr Trevor Pisciotta, Executive Director, Building, and

Ms Amy Mak, Manager Future Homes, Department of Environment, Land, Water and Planning.

The CHAIR: I advise that the sessions today are being broadcast live on the Parliament's website and rebroadcasting of the hearing is only permitted in accordance with Legislative Assembly standing order 234.

Julian and team, thank you so much for joining us here today at this public hearing for the Inquiry into Apartment Design Standards.

On behalf of the committee I acknowledge the traditional Aboriginal owners of this land, and we pay our respects to them, their culture, their elders past, present and future and elders from other communities who may be joining us here today. Welcome back to members of the public and the media who may be watching these sessions this afternoon.

This is one of several public hearings that the Environment and Planning Committee is conducting to inform itself about issues relevant to the inquiry. Before we begin I need to point out a couple of things to you. All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. What this means is that you can speak freely here without fear of legal action in relation to the evidence that you give, but it is really important to remember that parliamentary privilege does not apply to comments made outside of this hearing, even if you are just simply restating what you said here today. You will receive a draft transcript of your evidence in the next week or so to check and to approve, and corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you again for taking the time to appear before this committee inquiry.

My name is Sarah Conolly. I am the Chair of the Environment and Planning Committee, and I am also the Member for Tarneit.

Mr MORRIS: I am David Morris, the Deputy Chair of the committee and Member for Mornington.

Ms McLEISH: I am Cindy McLeish, the Member for Eildon.

Mr HAMER: I am Paul Hamer, the Member for Box Hill.

The CHAIR: Julian, I will hand over to you to introduce yourself and the team. If you can just give everyone's name in full and their position for Hansard's purposes. You can give a 5-minute presentation and then we will have a discussion and ask some questions.

Mr LYNGCOLN: Thanks very much. Thanks, Chair, and thanks to the committee for the opportunity to come and present on what is a very important topic.

Can I also acknowledge the traditional owners of the land on which we are meeting. I pay my respects to their elders past, present and emerging.

I am Julian Lyngcoln, the Deputy Secretary, Planning, at the Department of Environment, Land, Water and Planning. On my left here is Andrew Grear, who is the Executive Director, Planning Implementation and Heritage, a division that has had quite a bit of involvement in policy work around apartment standards. To my right is Dr Trevor Pisciotta, Executive Director, Building, who has been involved in some of the national work, particularly around accessibility. And to my far right is Amy Mak, who is the Manager of the Future Homes project, which is relevant to this work as well.

We will just take you through a short presentation about the work the department has been doing in this space, and I will just start by saying that we see work on apartments as really important in terms of the long-term

vision for the state. *Plan Melbourne*, the metropolitan planning strategy, in particular outlines a vision of 20-minute neighbourhoods close to transport and services, but with sustainable and livable communities, and so the urban form we create through the housing stock, including apartments, is really critical to delivering on that. DELWP estimates that almost two-thirds of the extra dwellings that we will need to accommodate in Melbourne's established areas—the majority of those will need to be accommodated in the inner and middle suburbs. Obviously they are locations where apartments are a very important part of the housing mix, and even in regional Victoria now we are starting to see apartments become some of the product there.

Visual presentation.

Mr LYNGCOLN: Before I talk about standards themselves I will just talk a little bit about Better Apartments, the need for that and the strategic importance of it. As I said, as Melbourne grows we do want to ensure that people have affordable and accessible housing choices. Many of Melbourne's established suburbs are facing affordability challenges, particularly for middle- and low-income people looking to either buy or rent, so that is a concern that we need to tackle. Apartments are a product that do provide often a more affordable product. They are often located in areas of density close to jobs and services, and in the 2016 census we saw that 12 per cent of Victorian household stock was comprised of apartments. It is not just an inner-city thing. There are connotations that apartments are very much about the inner city, but in fact we see now that more than half of the apartment stock coming onto the market is outside the central city. So because of all of those strategic drivers, DELWP has been doing significant work around Better Apartments and improving the standard of apartments.

I will talk now a little bit about the Better Apartments program. This is a program of policy work that we have been undertaking in the department. It is going through three phases, and we are through the first two of those. Phase 1 introduced Victoria's first apartment design controls, known as the *Better Apartments Design Standards*. Those standards were designed to guide apartment development and to improve particularly the internal design of new apartments. There was lots of concern in the community around the size of apartments, light within them, ventilation. So that work, which was completed in 2017, introduced standards that addressed a lot of those internal amenity issues. The second phase, that built on those 2017 standards, was to introduce new and updated external controls. So while the first phase was about the internals of the apartment, the second phase was really about external amenity. It is obviously important to communities as they have apartments built in their area that it is part of their urban form. So we really looked at what sort of controls should be put around that. Then the third phase, which is known as Future Homes, which I will talk to, is really about bringing that to life and showcasing what good design looks like, incorporating those standards from the first two phases with essentially some demonstration projects.

In terms of key milestones, as I said, we introduced the design standards in 2017. There was a fairly extensive process that led up to that. In 2015 there was work done with the Office of the Victorian Government Architect, who I understand you have heard from as well, to identify some of the issues. A discussion paper was released to the community in 2015 to understand what was important to them. Interestingly there was a huge response to that even from people that do not live in apartments and indicated that they never intended to, but there was that kind of community interest in standards. In 2016 we released draft standards for feedback. We did fairly extensive consultation then, both with the community and industry. It was important to get that industry feedback to make sure that we were understanding any cost impacts that might be introduced with these standards, to understand the feasibility of delivering on them. So once we had all that feedback from community and stakeholders we then came up with the final standards that came out, as I said, in 2017.

Following that, the second phase, we reviewed the standards from the first phase, and in 2019 commenced the *Better Apartments Design Standards* update, which really focused on the relationship, as I said before, between apartments and the neighbourhoods they are in. Again, we undertook extensive consultation with industry around that. In December of last year those updated *Better Apartments Design Standards* were released as well.

In terms of the first phase, as I said, it was very much focused on internal amenity. You can see a list there. I will not go through each of those, but it gives you a sense of the factors that we went through and dealt with standards for. They were performance-based standards, so they were not prescriptive. They still left room for industry to innovate, to deliver on outcomes, but they did put controls in place that required developments to produce outcomes in each of those areas that are listed there. But some of the key ones were really about the

layout, the dimensions of rooms, light getting into them, ventilation, but also the environmental sustainability of the developments as well.

Why did we propose updates? Well, as I said, we dealt with the internal first but we had feedback that the community was also interested in the external amenity; hence we went into that next phase. Some of those updated standards dealt with things like green space, the street interface, the appearance of buildings, wind impacts and private open space. I have got a whole lot of information on each of those categories that I do not oppose to go through now, but if you wanted to dive into any of those, we could do that.

I will go through the third phase, which is Future Homes. Now that we have got those standards in place from those first two phases we are doing the Future Homes project, which is, as I said earlier, trying to bring to life those improved standards. As part of that project we produced blueprints that support the building of apartments which are high quality in design and could demonstrate a new model for apartment design to try and provide some leadership to industry about how to implement. So that will deliver four exemplar design plan packages designed to be applied on sites that might be consolidated in urban areas. They were developed through a design competition. We engaged the architecture industry to come up with those blueprints. We are currently creating guidelines to support the implementation, and we expect those exemplar projects will be trialled later this year with some pilot councils.

Beyond that in terms of the standards of buildings, there is broader work going on to address the issue around combustible cladding. That is an issue that we have had to deal with on apartments as a product, and so there is a government program, a \$600 million package, to rectify high-risk private residential buildings. We have also been doing a review of the building system to address that issue. Victoria's building system review was announced in 2019 and an expert panel put together to advise on that. And then there is work that has been happening that we may touch on through your questions around the National Construction Code as well.

In doing all that work we have made sure that we have been checking what is happening in other jurisdictions and built on research that the Victorian government architect has undertaken as well and really looked to cities like Toronto, Auckland and London the other Australia jurisdictions, including New South Wales and Perth, to have a look at what we see as best practice and make sure that we are incorporating that here.

So finally I think it is just worth saying that in order to remain competitive as a state, it is important that we protect our livability. It is important therefore that we are building an urban form that is true to that, and so we see this policy work as really important to deliver on that vision. I will stop there and am happy to take your questions.

The CHAIR: Thanks, Julian. The presentation was great. I just sort of want to touch on and explore, we have heard differing opinions about minimum standards and size basically of apartments, and obviously depending on where you sit in the industry and whether you are an investor or a buyer you have a different opinion about whether it should be mandated or not. I notice under the current BADA particular aspects of it are not. A lot of the architects who have presented to us today talk about the need for that. And, you know, you talked about Toronto, Japan and other cities doing it really well that have actually set minimum standards in relation to size. Do you think that that should be something considered to be added to BADA? So if we are going to be having best practice, I cannot help but turn my mind to think, 'Well, what is missing in the BADA that should be considered in the future or future things that government should be doing to ensure that we do actually have best practice or'—as I think you had there—'the world's leading apartment designs?'

Mr LYNGCOLN: Yes, thank you. So the issue of size and room size certainly came up through the consultation as we did that first phase of the design standards, and you know, there was certainly community concern around a notion I guess of sort of dogboxes that we were seeing. And we were seeing stock with quite small rooms. As you say, some of the stock being built is for investors looking to rent out, so they are not necessarily so concerned about whether a room is small—they are not going to be the ones in it. So in the first place we said, 'Well, there is a need to intervene'. If the occupants are not necessarily the buyers, they have limited control over dictating to the market the product that should be out there, so it is important that we do put some standards in place. Then we had I guess a discussion or debate with industry around the best way to achieve that. The two sides of that argument were really being highly prescriptive, which provides clarity, versus being performance based, which delivers on outcomes but leaves room for the industry to innovate. So what we ended up with, while we do not have minimum apartment dimensions necessarily in those standards,

are a number of standards that essentially do dictate size. So there are requirements around lighting, for example, and light getting into rooms. It is essentially impossible to achieve those without having things of a certain size and a certain configuration.

Ms McLEISH: Possible?

Mr LYNGCOLN: Let me put it this way. What we have seen in terms of what has come forward since then in terms of designs are good sized rooms. There are ways the industry sometimes seeks to get around that. You might see in an ad a storage room on a plan rather than a bedroom, and so that is something that we need to continue to monitor and try to make sure people are not sort of getting around it, but essentially what we are seeing now are apartments of far increased size on average than what we had before and certainly rooms of a good size as well.

The CHAIR: Just on that, I am not sure whether on DELWP's website there may be a link—it would be great to include it in our report—for someone who is looking to purchase an apartment, whether it is off the plan or purchase something already established: at whatever budget, how does that person find out what good apartment design is, and that having a window in this room or being north-facing or south-facing makes a difference? We have heard from people today that have talked about impact on mental health, and whether builders or government or individuals are saving costs by having smaller rooms and all of that kind of thing—more affordable housing. Certainly it cannot be at the cost of people's mental and physical wellbeing. Where would you advise people who are looking to buy an apartment that, 'This is what you need to look at; make sure it's got this and that, and these are the sorts of pitfalls to look out for'? Where do they go, and if there is not something on your website or something we can point to, should something be created?

Mr LYNGCOLN: So again, in terms of that sort of regulatory task of should we intervene with regulations, some of the factors that you talk about are drivers to introduce the standards. So issues of noise that can affect people's sleep and issues of light getting into buildings that have a health impact, ventilation that can also have a health impact—I mean, the business case for really doing a lot of this intervention was because there are those potential health impacts to people. They cannot necessarily see that when they look at a plan or walk around and look at a display suite or an apartment to make those judgements for themselves, so it is one of the base reasons actually for putting standards in place—so they do not have to be experts on that, that they have got the protection of a system that is going to deliver a product that does deliver good outcomes and does protect their health and ensures things are in place that they cannot necessarily see or judge. I might check with Trevor in a moment if there is anything he has got to say around the role bodies like Consumer Affairs Victoria play, who are there also obviously to protect consumers in terms of the product that they are getting, but—

The CHAIR: It is also an educational awareness. Is there a role for apartment designs and what to look for? We have heard from the industry today, who have said, 'We don't need mandates, we don't need prescriptions; the market can drive this to innovate and improve', and I sort of think, 'Well, I don't know what lack of a light in this particular bedroom would mean until I'm living in it; I'm in a rental contract or I've spent a lot of money and got a mortgage and I am stuck in it'. Is there an educational awareness component that needs to be done around this?

Mr LYNGCOLN: I guess the focus from the work that we have done has been to provide essentially a safety net—that you do not even need to know the information because the standard of what is being built will be to a minimum standard, and it is very much about bringing the bottom end up. We have got plenty of room at the top end of the market for developers to innovate, but it was really ensuring that there was going to be a minimum standard that is acceptable to the community and acceptable to occupants without having to have any knowledge or information about that at all. Trevor, I do not know if there is anything to add in terms of anything that CAV is doing in terms of information that buyers get when they are looking to purchase?

Dr PISCIOTTA: Thanks, Julian. I cannot think of anything specific that goes to design of apartments and those features off the top of my head. They provide information around what people should look at in entering building contracts and the like, but off the top of my head I cannot think of specific advice that CAV might have around apartment purchase and best practice. I suspect that there may be some activity from industry in this space. The better players in the industry have an interest in explaining to consumers why it is worth buying this apartment over, for example, a cheaper product, and the benefits of some of these features—so what

differentiates best practice from the minimum standard, which as Julian said obviously has been raised significantly. But I am not aware of that specific education piece from Consumer Affairs.

Mr LYNGCOLN: What we do have I guess in terms of communication activity that Andrew has just reminded me of is that when the new standards were put in place there was the planning scheme amendment that essentially put them into the system, and that is what developers would look at and know they need to comply with, but we also produced a document called the *Apartment Design Guidelines for Victoria*, which is more of a plain English version of those requirements that people could look at and understand. These were the things that we tried to put standards in place around: 'Here's why they're important, here's what you should expect to see in an apartment that's delivered to those standards'.

The CHAIR: But I guess what I am saying is when your mum is having a walk-through for the first time, would she look for that kind of paper and walk around looking for those things? I am not convinced.

Mr LYNGCOLN: That has not been a focus to date.

The CHAIR: It is not the purpose of that guideline, I do not think.

Ms MAK: Can I just add to that?

Mr LYNGCOLN: Yes.

Ms MAK: There is a document that is available called the apartment buyer's guide, which is available to the public—I believe it might be a Consumer Affairs Victoria publication. That does talk to your mums and dads about what they should you be looking for when they purchase an apartment in terms of light coming through windows and things like that.

The CHAIR: Okay, good. David.

Mr MORRIS: Thank, Sarah. Just a clarification first. The document that came with the submission last October was the—I will put my glasses on so I can read the small print—preview of the 2021 guidelines. I assume the real one is out now.

Mr LYNGCOLN: So similar to what we did in the first phase, we essentially put a draft out first for a couple of reasons: to test with stakeholders, but it is also helpful for industry to have a sense of what is coming.

Mr MORRIS: Excellent.

Mr LYNGCOLN: And interestingly we did start to see proposals coming through that were already shifting to new standards even before they were a requirement. There is a fair bit of lead time for industry to adapt.

Mr MORRIS: So does the final document pretty much reflect the previous—

Mr LYNGCOLN: Yes. Andrew, I do not know that there were many significant changes from the preview in what was released in 2021.

Mr GREAR: That is correct.

Mr MORRIS: Thanks. Okay. Just going back to Sarah's point about minimum sizes of some rooms. As you mentioned, we have just been talking to the government architect, and the evidence given there was that there may be some perverse outcomes—I think is the politest way I could put it—particularly in terms of impacting on kitchen bench space and all that sort of thing. Have you had any feedback on those sorts of issues?

Mr LYNGCOLN: Yes. So obviously, as I mentioned before, we sort of had that debate at the time about whether to prescribe or whether to essentially try and control outcomes without being prescriptive, and we leaned to the latter. We continue to take feedback from industry as it implements as to the feasibility and issues it is coming up against. I have got to say the industry acceptance has been good, I think largely as a result that there was quite a bit of change we made through consultation processes, but we continue to monitor.

I am not aware of specific feedback regarding the size issue and other impacts that might be having unintended consequences on other sorts of configurations, but certainly we are open to any of that feedback, and we will continue to monitor the feedback we get to see if there is any adjustment that needs to be done over time. As I have said, I think the innovation I have seen is more in the marketing to get around some of this. I think they are rare cases, and there is enforcement that is available around that sort of thing. I am not aware of significant issues around the kitchen configuration type thing, but we would be happy to hear if people have got feedback around that.

Mr MORRIS: Well, yes. Once we have assembled all the evidence, there may be some feedback there. One of the arguments we heard from the construction industry yesterday was that last year's review, and certainly this review, was premature, because according to them we are only now starting to see apartments come through, and most of the apartments that are in the pipeline at the moment are in fact predating the first BADS. I would be interested in any comment on that, but I would also be interested in knowing—you mentioned there would be progressive updates to sort of get an idea of what the cycle is likely to be. And also, bearing in mind that industry comment—you know, it seems like it is a lot slower than turning the Queen Mary—how are we going to get a handle on what is really happening longer term?

Mr LYNGCOLN: That is quite right. But obviously it takes some time from when new standards are put in place for developments that comply with those standards to come forward and be built, and then we see the outcome of them. There are years involved in some cases of that. We had committed to industry that we would do a review in the short term. There was some initial concern, particularly with the 2017 standards that were introduced, that they were an impost on the industry, so we committed that we would review it within 12 months. Often when you do these things, if you have got it wrong, you will learn a fair bit early. Thankfully that turned out not to be the case, but in case that had happened we had committed to do a review in the short term and make adjustments if we needed to. We ended up not needing to make significant changes to what was initially put in place, but it is right that we will need to continue to monitor it over time and review it. As I said, the feedback from industry is mostly pretty good, but we will continue to monitor it.

We get to see a fair bit of this. There are apartment developments that the Minister for Planning is the responsible authority for, so those proposals come through the department. As well as giving advice to the minister around the permit approval, we can use that as a way of monitoring what is coming through in terms of design. The Office of the Victorian Government Architect has a design review panel process that they no doubt spoke to, which is another way of picking up what developers are bringing forward, what the issues with that are and any unintended consequences of that. We continue to talk with them as well. If there are things that come out of any of that feedback that need adjustment to the standards, we would certainly look at that.

Mr MORRIS: Without going to specifics, because I take your point that what is going to the minister is going to be a much earlier indicator than what is coming to market, which was essentially the point that was made, are the ambitions of the BADS now being reflected in what is coming through in terms of approvals sought?

Mr LYNGCOLN: Yes, that is definitely our understanding. In fact, as I said, we started to see things coming through even before it became a requirement that were complying with what we had put out there as a draft, so the industry, I would have to say, moved quite quickly to deal with that. It is certainly going to be in their interests to adjust their processes and adapt as quickly as they can to get compliant product out on the market. But yes, it is the case that we are not seeing the kind of very low stock quality that we were seeing, because you basically will not get an approval for it. Whether it is coming through a council or the minister for a permit, if it is not compliant, it is not going to get approved, so we are seeing what is coming forward on the whole comply. I am not saying there are not exceptions to that, but on the whole we are in a good position.

Mr MORRIS: In terms of impact, given COVID it is going to be impossible to attribute a direct impact, good or bad, to the guidelines. You are not going to say, 'All right. We know numbers of approvals have plummeted, but there is a damn good reason they have'. Yes, okay. Thanks, Sarah.

The CHAIR: Paul.

Mr HAMER: Thanks, Sarah. I will just build on some of David's comments. Compliance is one element, and that reflects that you have actually met the guidelines, the performance-based standards and have the ability

to meet the policy outcomes that you are trying to achieve. We have heard from a number of witnesses who have talked about apartment size as one thing, but in particular the access to daylight and sunlight. There is no requirement as to the percentage of buildings that have to have natural light, as I understand it, and for bedrooms there was a discussion about the use of what they call 'snorkel rooms' to actually enable the light to come into the bedroom, which some witnesses were saying was perhaps defeating the purpose. It met the guidelines because it actually provided a window into a bedroom. But in terms of the spread of that light, for example, I am wondering: have you been able to make an assessment as to whether the standards are actually achieving their goal in that respect? It is not about whether they are actually meeting the standards but in terms of achieving that amenity and the livability that was the objective when you were starting off this process.

Mr LYNGCOLN: Yes, so a couple of things to say on that. In terms of I guess the assurance around outcomes that are being delivered, there are a couple of parts to that. One is: is what is being approved actually what is getting built and what the consumer is getting? And then there: is the way that it is being implemented in accordance with the standards actually producing the outcome that we intended and we have sort of assessed that? The first part of that is one of the topics that the building review that I referred to is looking at, about how we provide that assurance, because the developer puts in a permit and a glossy brochure and a buyer expects to get a certain product. We do see at times changes that are made between when that approval is given and what is actually built. There is a role for local government in enforcement of that, but there is sort of a consumer protection element to that as well. Trevor, I might check in a moment if there is anything else you want to add to that in terms of the building Act review and how it is looking at that issue.

In terms of the outcomes that we sought to receive, we have not done an assessment of the outcomes themselves. The review that we did in the short term was really more focused on how it was being implemented. Is it feasible? Are there issues coming up that developers just cannot deal with? There is a bit of an issue in terms of how long it takes and, particularly with what we have seen with COVID, to get enough stock actually out there to probably do an assessment like that. But I think it would be fair comment that it would be something worth us having a look at doing at the right point in time to assess not just for the standards being complied with but did we achieve the outcome that we set out to achieve. But we have not done that assessment at this point in time. Trevor, is there anything to add on the building Act review?

Dr PISCIOTTA: Thanks, Julian. Thank you. Certainly it is sometimes an issue that over the life cycle of a construction project the project varies and you have what is submitted as part of the planning permit and then the building permit and then for various issues—material supply and so on and so forth—decisions are made as the project progresses and so the end product is not exactly what was anticipated. There are existing mechanisms to try to oversee that. Building surveyors, who are the key regulatory body in this process, are required to conduct at least five mandatory inspections throughout the construction process to verify compliance and also can mandate further inspections if they think they are warranted. But we are aware that the effectiveness of those processes has been varied, and so, as Julian said, in 2019 the government established an expert panel to review Victoria's building system, chaired by the Commissioner for Better Regulation in Victoria. That panel is doing a series of work, including looking at how to improve oversight and documentation over the life cycle of construction so that at the end of construction you can have a level of confidence around what was built and if there were changes along the way that they were appropriately documented and appropriately justified and that the end product kind of meets the standards that are in place. Government is still considering the advice of that panel and there is ongoing work by the panel, but certainly that is a focus of their work and, I imagine, a focus of government's attention moving forward.

Mr LYNGCOLN: Andrew, I think you had something to add as well.

Mr GREAR: Yes, if I could. It brings together the relationship between the planning permit moving to the building permit. Both systems are a performance-based system. And that leads us to the third phase, which Julian talked about, which was Future Homes. What that program is looking to do moving forward, because of the time element that Mr Morris mentioned in terms of once these come in and before the market picks it up and before we actually start to see the work really start to take on, is to be able to give some examples of exemplar designs. The manner in which we have taken that third phase is by working with the universities and private architects through the Office of the Victorian Government Architect. We had a design competition which was taking the standards which were in the Victorian planning provisions and producing a series of blueprints for designs which are then going to be made available to people to be able to use in a couple of pilot council sites so that, for want of a better term, you can try before you buy. So you will actually be able to walk

through and see those, where the architects have taken the work that is in the provisions. They have actually gone through and put that together so that we will actually be able to do that. That is in part assisting the market—that is, the consumer—but also assisting the industry to do things.

Trevor, it is three years I think, isn't it, for the National Construction Code? The reason it takes that amount of time for the National Construction Code is that the businesses have to gear up. The producers of the product need to gear up before you can actually do things. In this building space, this is an area where the planning system works have to follow with the building system. You cannot pour concrete with a planning permit; you can only pour concrete with a building permit, so the two have to work together. This is where we are looking through the Future Homes program moving forward that you will actually be able to see some on-ground examples of developments that actually really take what are the minimum standards which sit within the Victorian planning provisions—because they are exemplar designs—to the next level.

I just wanted to draw that in, because we are at an interesting point. We are almost at a step-change point in terms of the way in which we look at apartments. How do we take a number of the elements, which the questions have been about, and take that to the next point? Part of that can be done through a performance-based approach, but a performance-based approach takes you to a point, hence the reason government is looking very much at the Future Homes program and also diving deep in terms of the building review, because behind this are all the contractual-related elements, which the *Building Act* review is touching upon at the moment. Thank you.

Mr HAMER: Thanks. Bearing in mind I know that most of BADS was prepared, like you said, in 2013 to 2016, and I am not sure how many of you were involved in it at that time, my question relates to that. We have heard from a number of witnesses, particularly in relation to the New South Wales standards and guidelines. Some have been promoting it as the gold standard, and others are saying we should not go near it. I was just wondering from a government point of view and, I guess, as the owner and developer of the standards, why weren't some of those other elements adopted? What was the thinking behind that?

Mr LYNGCOLN: In terms of the history of that first phase of design standards, the OVGAs had sort of done work from the early 2010s through to probably the middle of that decade identifying issues around this. And then the work that we did leading into 2017 we did in partnership with the OVGAs. We did look at, I think it is—I hope I get this right—SEPP 65 that is the New South Wales standard. So that was definitely one of the inputs that we looked at, because industry would say to us as well that having a consistency of standard is of some benefit for them as well in terms of not having different rules in different states. So we did look at that, and elements of that were picked up.

In terms of why we just did not adopt that and ended up with the standards we did, there were probably a few things that played into that. One was probably a stronger approach we took around performance based rather than prescriptive. One was concern raised by industry about the costs that would be added to apartments by implementing all of the standards that were in SEPP 65. And we did quite a lot of modelling to look at actually specific standards, how much each of those would impact on cost—and obviously affordability is an issue that we are concerned about—and to what benefit. Some of the health things we talked about before, we tried to model the health benefit of different interventions. There was sort of an optimisation that happened to try and get that right balance between the benefit that would be delivered by particular standards and the cost impact that would have on an apartment.

There is a very complex economic kind of thing that you get into there, so the extra input cost in delivering one standard does not automatically mean the cost of an apartment goes up by that much. The developers to an extent are price takers, so the market will only pay what it will pay for an apartment, and if there are increased costs, that will wash back over time through land prices and the like. So it is sort of a complex argument, but that was all sort of modelled in an attempt to find that sweet spot of the maximum benefit without imposing too much additional cost on the apartment. Hence we ended up with, once all that work was done, some difference from what happened in Sydney. We also had feedback from industry and community about different elements that we took into account as well, and so ended up doing things slightly differently. But it was probably that outcomes-based and room for innovation versus a more prescriptive approach that led a lot of that as well.

Mr HAMER: That research that was done, is that publicly available? Is that in your public report?

Mr LYNGCOLN: It goes back a while now. I would probably have to take that on notice a bit, but there was information given at the time of the release of those standards that went to things like what we expected the cost impact would be of the standards that were being introduced.

Mr HAMER: Okay. Thank you.

Mr LYNGCOLN: Industry had its own things to say about its version of that as well. We did quite a bit of work in with them to assure them of the work we have done on that and why we had come to the conclusions that we had.

Mr HAMER: Terrific.

The CHAIR: Thanks, Paul. I just want to ask about the strategies DELWP have in place to expand the availability of affordable apartments, because, like you talked about, it is that sweet spot. I am guessing that New South Wales thinks they have got their sweet spot right, which is different to ours. When it comes to affordable housing, can you tell us a little bit about what you have got there to expand that?

Mr LYNGCOLN: Yes. As I said in the introduction, apartments are an important product in terms of the provision of affordable housing. They tend to be a cheaper product than house and land, particularly in the inner-middle suburbs, so that is important. It is not just the up-front cost of that; there is a cost of living element to that as well. A house and land package on the fringe might be cheap, but there are transport costs and other things that go with that. There are energy costs that go with a bigger house and the like. So it is an important product for affordability.

We have got *Plan Melbourne*, which makes projections about the population we expect to get to in the next 30 years. We have said that if we are going to be a livable, sustainable city *Plan Melbourne* says we need to accommodate about 70 per cent of that growth in the established areas. Otherwise we sprawl, the infrastructure cost is huge, we have all of the issues of congestion and the like if we do not keep up with that. So there is a need to get density in the inner and middle parts of Melbourne, and again apartments are an important way that we can get density to do that. Then there are obviously particular precincts where the government has put a focus on delivering on that—Fishermans Bend, Arden. Through the Suburban Rail Loop there will be precincts around the stations there where the government puts a focus on delivering on precincts that are close to transport. In many of those locations we expect to see apartments play a role.

There have, in terms of the provision of social and affordable housing, been definitions put into legislation around that, mechanisms for councils to enter into what are called section 173 agreements that put an onus on developers when they are doing developments to deliver a certain amount of that. There is probably a fair bit of debate about whether a voluntary arrangement goes far enough to deliver on our needs around that. We have seen since then the establishment of Homes Victoria and the \$5.3 billion of investment going into the provision of housing through that, but we have been doing work in the department to look at what is that voluntary arrangement delivering on and should we do more than that in terms of that provision.

We look at other mechanisms as well. Build to rent is one that people raise, because again affordability is not just necessarily about buying a house; it is about having an available pool of affordable rental stock as well. And of course what we are seeing now through COVID is a bit more pressure on regional areas where we have got population moving from Melbourne out into the regions. That is putting some affordability issues out there in some regional locations that do not necessarily have the supply at the moment.

There is a lot in that, but there is a plan through *Plan Melbourne*. There are particular precincts where effort is being put in and policy thinking being done around how do we extend on the voluntary arrangements that we have got in place.

The CHAIR: David, do you have any other questions?

Mr MORRIS: Yes. Just picking up on Julian's last point about build to rent, I am just wondering whether you think there is going to be an impact on this whole area of design through the growth of the build-to-rent market and how you are going to factor that in to the process on an ongoing basis.

Mr LYNGCOLN: The position to date has been not to make a distinction, essentially, so whether a product has been built for someone to buy, it is built to rent or it is social and affordable housing that the government is delivering on, ultimately it is a dwelling someone is going to live in and so the position has been that things should be built to the standards that we have set, regardless of which of those categories it is in. Certainly at times we have had representations from industry that to provide incentives for things like build to rent a lowering of the standards would make that more appealing, but there are good reasons those standards were put in place—to protect the amenity and the health of people—and the position to date has been that regardless of what the purpose of the building or the apartment is it should comply with standards.

Mr MORRIS: I just cannot remember off the top of my head, because it is in yesterday's notes, which I do not have with me, but we had a long discussion because exactly this point was put, and the suggestion was that there were a range of issues addressed. But the one that particularly went backwards and forwards was parking, and the argument that was put by the witness concerned was that in a build-to-rent situation there are a whole lot of other services that are part of the package for that particular facility. Clearly it is not an apartment building in that sense; it is a different product altogether. The argument was that it is a different product they are selling, not just square feet to rent, but they are selling a range of other issues which therefore should allow greater discretion. So if we have got minimum parking requirements, but they are either providing hire cars for nothing or whatever, then you needed that flexibility. I gather from your response that that is not something that you accept at this point?

Mr LYNGCOLN: The position to date has been that the standards should apply regardless. Car parking is, even putting build to rent aside, a contentious issue when it comes to apartment dwellings. There are lots of arguments put forth at different times around reasons that car parking requirements should be lowered, depending on proximity to public transport, the tenants likely to be in there and how likely they are to all own cars and all that. You could probably hold another complete inquiry on the topic of car parking in apartments.

We had similar discussions when we were doing the original standards around how do we factor in other community facilities that might be provided in an apartment complex? Does that change the thinking at all around lighting and room size? Similar issues play out in terms of student accommodation, and should we be that worried if it is essentially a bed for someone and they are spending most of the rest of their time outside of the apartment in more communal facilities? But the problem is proving the case around that. Certainly we saw pre-COVID plenty of students filling up libraries and other community facilities because they did not actually have that kind of space in that accommodation, and so we are worried about the health impact then if they are in a very small, darker location. So that has been a similar approach so far to build to rent—we should assume that ultimately someone is renting that, and sure, there might be some other facilities made available to them, but they are a renter of an apartment and they should not be treated any differently.

Mr MORRIS: And that was my reaction, that in fact you do not issue a planning permit to a person, you issue it to run with the title.

Mr LYNGCOLN: Exactly.

Mr MORRIS: So presumably the same things apply.

Mr LYNGCOLN: Yes.

Mr MORRIS: Thank you.

Mr LYNGCOLN: But look, it is an ongoing topic about how you provide incentives for build to rent to occur. Obviously we want affordable rental out there. It is something that we are interested in. My preference would be to find ways to incentivise that without having to lower standards for ultimately what will be occupants of buildings, essentially.

Mr MORRIS: I think it was the property council, wasn't it, that we had that discussion with?

The CHAIR: Yes, I think so.

Mr MORRIS: I think it was the property council.

The CHAIR: They were very excited.

Mr MORRIS: I do not want to verbal them, so I would need to check.

Mr LYNGCOLN: It would not surprise me, and they would say the same to me.

Mr MORRIS: I am sure they would.

The CHAIR: Paul, did you have any further questions?

Mr HAMER: I just wanted to I guess explore what work you might have done in terms of changing demographics and particularly I suppose enabling the demand for apartments amongst families and those who maybe have a disability or sort of are at a different stage of their life. Like when we talk about ageing in place; that is sort of represented in *Plan Melbourne* but in terms of the actual building stock that seems to be delivered, it does not necessarily seem to represent that. So I was just wondering if you had any views as to how that, I suppose, mismatch might be able to be resolved.

Mr LYNGCOLN: Yes. Thanks for that question. I think it is a really important one. You know, we have talked generally about *Plan Melbourne* and population growth and locations where various things happen, but obviously also within that mix is a diversity of needs in terms of people looking to buy or rent property. So there are a few things to say on that. Probably over a journey of about the last 10 years we have seen a pretty significant shift in where the demand for apartments is coming from. So if I think back even six or seven years ago to a lot of the proposals coming through, in an apartment development there would be lots of one-bedroom apartments and some twos. What we see now increasingly is a lot more twos and some threes—and plenty of ones still. So we are seeing more demand from families for that kind of stock. As I said in the introduction, apartments are no longer about the inner city. We are seeing more than half the apartment stock out in the suburbs as well. Even in places like Docklands we are seeing more three-bedroom apartments going down in those sorts of locations and schools and libraries springing up. So there is this sort of shift I think in the role that apartments are playing as a product in the market and the demand for that. It is definitely something the department looks at as proposals come through—that mix of one, two, three-bedroom and the kind of facilities around a thing. We put that family lens—‘Is there stock here that would cater to that?’—as we are considering developments.

The other one you mentioned was in terms of accessibility, and that is a really critical issue—not just for people with disability but as we are seeing an ageing of the population and a desire for people to age in place it is an important one. I might get Trevor to talk a little bit through some of the work being done nationally on that front. Victoria has been a strong advocate nationally for ensuring that there are accessibility standards within the National Construction Code. So, Trevor, I might get you to talk through a little bit the advocacy that Victoria made and what was pushed for and the decisions and work that will now come out of that.

Dr PISCIOTTA: Thanks, Julian. Yes, certainly as Julian said the Victorian government has been a very strong advocate at the national level. As you would be aware, building standards are set nationally by the Australian Building Codes Board under the governance of building ministers nationally that now meet at the building ministers meeting, formerly the building ministers forum. Following the incorporation of certain minimum accessibility standards into the original 2017 *Better Apartments Design Standards*, in April of last year a majority of building ministers agreed to the incorporation of new accessible housing requirements into the National Construction Code which comes into place in September this year. That will mean for the first time that all new homes will be required to include really fundamental features such as step-free entry, step-free showers, ground-level accessible toilets, structural reinforcements to support grab rail insertion in bathrooms and for doorways and transitional spaces to allow ease of movement including for those with limited mobility. So these are really important, fundamental features that will be built in and (a) just make it easier for people to, as you say, age in place and for people of various different levels of physical ability, but also enable the upgrading of those facilities later on. Being able to install grab rails into a bathroom without having to do reinforcement work and rip off plaster is a really fundamental thing.

So as I said, the new standards come into place in September of this year. There is some work going on—

Mr HAMER: Sorry, is that for apartments or for houses or for both?

Dr PISCIOTTA: That is for all dwellings, so both freestanding homes and apartments.

Mr HAMER: All residential dwellings?

Dr PISCIOTTA: Yes. There are some discussions going on between the states that will be implementing it, and some states have indicated they will not be implementing the new standards. For those jurisdictions, it will be around transition time lines and the like for industry to go to what some people have said earlier—you know, industry needs to adjust to the new requirements. But it is a really fundamental shift. And I think it is estimated that by 2050 this change will mean that 50 per cent of housing stock across Victoria will be accessible and will have those basic accessibility features, so it is a really important step-change in the provision of housing for Victorians living with a disability, which is a really significant number, but also for enabling people to age in place.

Mr HAMER: Terrific.

Ms MAK: Can I just add to that as well. As part of the work that we are doing with Future Homes we did a lot of research with the Home Research Hub at Deakin University, and they provided us with a lot of research about what makes an apartment family friendly. They gave us guidance on sufficient pantry space, spaces around kitchen benches, wider corridor spaces, laundry troughs and even things like bathtubs, and we have introduced or implemented all of those recommendations into the blueprints, as we mentioned for Future Homes. In addition to that, 100 per cent of all the designs that were designed through Future Homes will meet gold level compliance of the Livable Housing Design standards, so that goes above and beyond what the industry are currently doing. So these are extra-wide corridors and extra-wide circulation spaces and, as Trevor mentioned, making sure that there is no need for retrofitting and making sure that the walls have extra studs in them so that you can insert grab rails at a later date, and that will all be implemented through Future Homes.

Mr HAMER: Excellent. Thanks for that. That has answered my question.

The CHAIR: That is great. Amy, you have just answered my last question, which means we will finish on time. Thank you. That is really good work in that space. We have heard from a lot of people in this inquiry about making sure that we are making provisions for apartments for people that want to have families there, so that is really good news. It is good to hear. On behalf of the committee, Julian, Andrew, Trevor and Amy, thank you so much for attending this afternoon. It has been really valuable for us. Thank you.

Mr LYNGCOLN: Thanks very much for the opportunity.

Committee adjourned.