

October 2017

Consultation on improved timeframes for registration of subdivision plans of 10 or more lots

Background

Land Use Victoria has been trialling a new system which aims to improve timeframes for registration of subdivisions of 10 or more lots. The trial is an attempt to get an increased number of lots released onto the market more quickly, ultimately getting Victorians into their new homes sooner.

The enhanced process has a target for registration of these plans of five business days from lodgement, providing no errors are identified on the plans or any other documents required for registrations.

Plans of subdivision of over 10 lots make up 15 per cent of all applications, and create around 70 per cent of all new lots. However, around 50 per cent of these lodgements are requisitioned due to errors.

The 5-day turn registration process puts the onus on developers and consultants to ensure plans and all associated documents are correct if they want to receive priority attention.

The performance target for registration of all other plans is 15 business days from lodgement.

Growth Area Land Supply Pipeline*

**This section is based on [data by the National Land Survey Program, Research4](#), Presented at the UDIA Victoria Greenfield Land Market Research Breakfast in May 2017.*

In the March 2017 quarter, the Melbourne new land market set an unprecedented record for the total number of lots sold. The record sales volume was backed up by record price growth, record low stock levels and settlement wait times pushing into 2019.

Latest research from the National Land Survey Program (NLSP) show that land sales for the quarter were 6,393 lots while the median lot price jumped by 6% for the March 2017 quarter to \$252,000.

Melbourne has been experiencing strong levels of demand for the past two years. It is now entering its third year of high level trading. The market has been responding to a sustained high level inflow of net interstate and overseas migration combined with strong levels of local demand. The full effects of the past two years of high demand are now showing up in record low stock levels and rapid price growth.

The stock of lots ready for sale across the whole of the Melbourne market is now equal to 1,556 lots. This is equal to just 21 days of trading. Stock levels remain low because land estates have now sold the vast majority of available stock. Out of the 195 land estates that are operating across Melbourne only 133 could offer product to the market for the March 2017 quarter.

The combined pressure on the land market has now translated into significant price growth. In the past, Melbourne land prices have been considered very affordable. However, the March 2017 quarter saw land prices increase to \$252,000; representing an annual increase of 18%. The current median lot price continues to move up with the last 1,300 lots offered by the market in April 2017 having a median lot price of \$272,000.

Urban Development Industry Submission

Land Use Victoria 5-Day Subdivision Registration Process



Industry Feedback on Land Use Victoria 5-Day Subdivision Registration Process

Industry feedback on the trial 5-day subdivision registration process by Land Use Victoria has been overwhelmingly positive with strong support for the permanent continuation of the initiative and encouragement of even further improvement. The development industry views the continuation of the program to be essential in meeting the demand for new housing, and to maintain the flow of settlements required for consumers to take possession of their lots and start building new homes within a reasonable timeframe.

UDIA Victoria is keen to work with Land Use Victoria to assess the trial and its impact on lot production timeframes for subdivisions. The industry would also like to understand the overall economic benefits we expect the initiative would have achieved in bringing forward the settlement timeframes for a large number of new housing lots.

Benefits of the 5-Day Subdivision Registration Process

UDIA Victoria's strong support for the permanent continuation of the 5-day subdivision registration process by Land Use Victoria is based on anecdotal feedback communicated to UDIA through our membership. It is important to note, that while this process helps the development industry, the flow on effects mean that it is ultimately every day Victorian homebuyers who most greatly benefit from the streamlined process; another key reason for UDIA's support.

Key benefits:

- Assisted in securing settlements in the 2016-17 financial year which would have otherwise not occurred due to extended construction timeframes and the ongoing lack of resources in the construction sector to meet market demand;
- Faster titles mean both parties can settle earlier and start building the new home; saving rent and other costs that accumulate during periods of delay;
- Where titles in greenfield communities are delayed beyond nominated dates, builders often impose cost increases on customers to cover increases in construction costs. In some cases, builders will charge a fee if settlement is postponed (generally for contracts signed more than 12-months ago and the fee can vary depending on the builder). The 5-day subdivision registration process minimises the prevalence of these situations;
- Purchaser communication and downstream settlement processes are improved as developers can now more accurately communicate a predicted settlement date for purchasers, whereas the previously provided range differs up to a couple of weeks under the old system;
- Purchasers are now able to more accurately coordinate finance for settlement with banks and other financial institutions and are able to confirm construction commencement dates with builders;
- Reduces landholding and interest costs by up to 2-3 weeks at the developer's end;
- Council and the State Revenue Office can issue individual assessment notices for rates and land tax on each lot two weeks earlier than usual, resulting in additional revenue; and
- Payment of stamp duty at settlement of each individual lot is brought forward.

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Further Improvements to Increase Productivity

While Land Use Victoria is to be congratulated on its progress to date with regards to increasing productivity through the 5-day subdivision registration process, UDIA Victoria encourages further process improvements which we consider will have an equally positive affect on industry, home buyers and government stakeholders.

‘Supporting’ subdivisions which are less than 10 lots and are essential to overall project momentum are not being captured by the process as it currently operates. Examples include one-off lodgements and subdivisions which relate to requirements by authorities, consideration of the Growth Area Infrastructure Charge, mixed use subdivision applications and commercial or education excisions.

Applicants and their surveyors should be able to communicate the link between one and the other quite simply, and the industry seeks support from LUV to apply the same approach for these supporting subdivisions.

Recommendation: Subdivisions, easements and other lodgements less than 10 lots, or not a plan of subdivision but linked to larger master-planned developments, should be treated in the same manner as those 10 lots or more.

Some applications require input from Land Use Victoria due to their complex nature. At present, there is no dedicated resource and subdivision officers have limited capacity to deal with queries from applicants.

Recommendation: Appoint a dedicated subdivision officer to deal with developer queries in relation to applications to Land Use Victoria.

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