



UDIA SETTLEMENT STRATEGY SUBMISSION

OUR ADVOCACY PRIORITIES, THE THREE PILLARS:

1. Our Homes, which are a main contributor to the cost-of-living pressures affecting Victorians, reinforcing the need for policy to prioritise housing affordability;
2. Our Communities, which are growing faster than anticipated, hindering liveability and making very clear the need for strategic and pro-active planning, especially for infrastructure; and
3. Our Economic Future, which recognises that with 47% of Victoria's tax income derived from property, there needs to be a focus on giving industry the right business conditions to operate.

OUR SUBMISSION

- We will advocate that the State Government recognise the economic and social importance of Geelong's growth and provide support to Council by:
 - Recognising Geelong's role as Victoria's Second City and a jobs and investment hub.
 - Continuing to support major infrastructure and service investments like fast rail, freeway and arterial road upgrades, bus and bike system improvements, health and education services and special projects like the Convention Centre and CBD streetscapes.
 - Finalising the Regional ICP to provide certainty for infrastructure funding.
 - Enabling the Victorian Planning Authority (VPA) to commence the preparation of precinct structure planning in the northern and western growth areas.
 - Fast tracking reform of the Armstrong Creek Development Contributions Plans (DCPs) to reduce the infrastructure funding shortfall and to assist with medium-term reforms to modernise the arrangements.
 - Fast tracking the finalisation of the Framework Plans for the Northern and Western Growth Areas so that they form part of the planning scheme by mid-2019 recognising the extensive consultation that has already occurred.
 - Using Melbourne Water to build the capacity of Council to manage main drainage.
 - Preparing a transport investment plan for Geelong, including a fine grained public and active transport plan to support buses, walking and cycling.
- That Council amend the Settlement Strategy to:
 - Recognise the important economic and social role the development industry plays in the future health and sustainability of the Geelong community.
 - Support balanced growth in Geelong with major growth in all of Geelong's land markets including the north, west, south, the Bellarine as well as

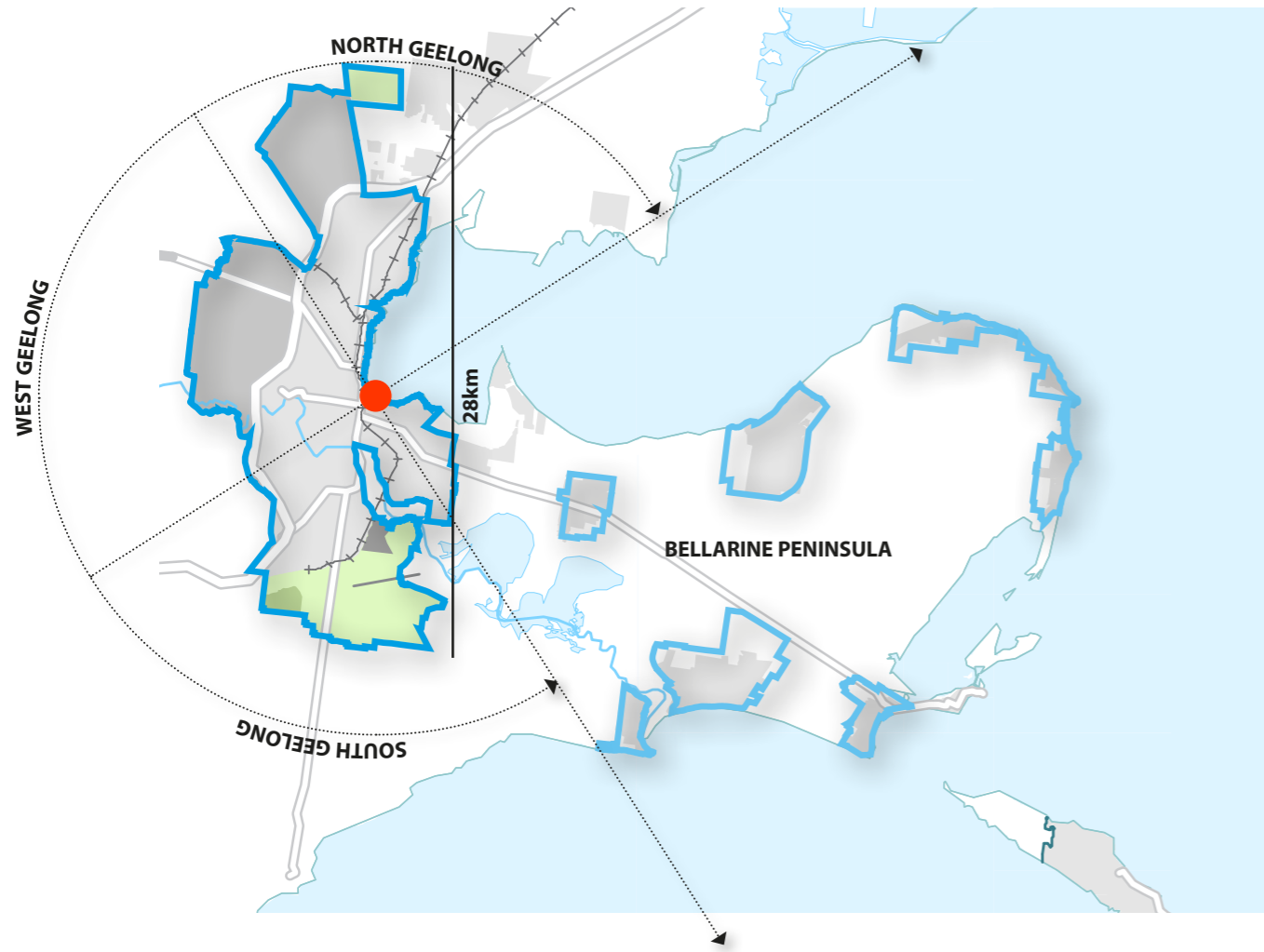
major redevelopment in Central Geelong. Balance provides choice and diversity of economic and social opportunity throughout Geelong.

- Plan for a mix of at least 15 years greenfield and urban redevelopment land supply in each of Geelong's land markets.
- Move forward with planning to support Geelong's rapid growth and ensure that planning bottlenecks do not artificially inflate housing and land prices.
- Commence the next stage of planning for new communities in both the Northern and Western Growth Area by commencing the preparation of PSPs with background technical reports underway later in 2018.
- Increase planning efficiency and integrated land use and planning outcomes by designing larger PSPs that provide for more significant land supply.
- Prepare and consult with local communities regarding the preparation of comprehensive infrastructure and service plans in conjunction with the PSPs for the Northern and Western Growth Areas.
- Reform and increase resourcing of statutory planning systems as referral units to significantly improve the consistency, quality and speed of post-PSP approvals processes to achieve a 2 to 1 ratio of lots for sale to buyers to keep downward pressure on prices.
- Undertake long term planning to 2050 for potential urban growth, including identifying and protecting service and transport corridors so that future urban expansion areas are protected from inappropriate development that may disrupt long term urban conversion.
- Consult with local communities and undertake strategic review of existing town plans to provide for justified growth and to strategically feed into a new long-term strategy to comprehensively manage the long-term growth of the Bellarine Peninsula.

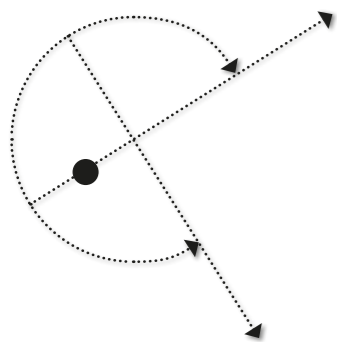
GEELONG NEEDS BALANCED GROWTH IN ALL MARKETS

- The Draft Strategy argues that Greater Geelong has well in excess of 15 years residential land identified and therefore no new growth fronts need short-term release.
- The UDIA strongly disagrees with this assertion which ignores the spatial concentration that land supply. Armstrong Creek provides adequate land supply in southern Geelong.
- And in addition to PSP approved supply, to ensure a balanced market, post-PSP reform is needed to enable developers to bring land to market and into production quickly.
- 75% of existing land supply is tied up in Armstrong Creek and on the Bellarine Peninsula.
- The Geelong growth corridor is 28km long. To assert that there is adequate land supply in the south therefore no new land is needed in the west or north is like asserting that:
 - There is adequate land supply in Craigieburn, so we don't need any new supply in Plumpton.
 - There is adequate land supply in Cranbourne West, so no new supply is needed in Pakenham East.
 - There is adequate land supply in Rockbank, so no new land supply is needed in Point Cook.
- Melbourne's growth corridors have multiple delivery fronts and the Settlement Strategy should adopt the same approach. If it did, the latest demand in central and northern Geelong would drive stronger growth beyond the 3% currently being planned for.
- The Draft Strategy fails to provide direction for the release of additional land or decision guidelines for the release of land and provision of infrastructure and services.

GEELONG NEEDS BALANCED GROWTH

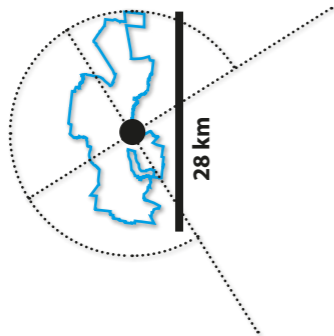


MARKETS



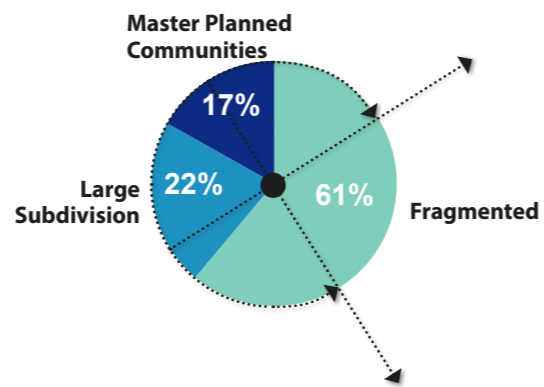
Geelong has 4 different markets requiring multiple land releases on multiple fronts

SCALE OF GEELONG



Geelong Growth Corridor is the same distance from Aurora-Wallan, Cranbourne West-Pakenham East, Werribee-Sunbury

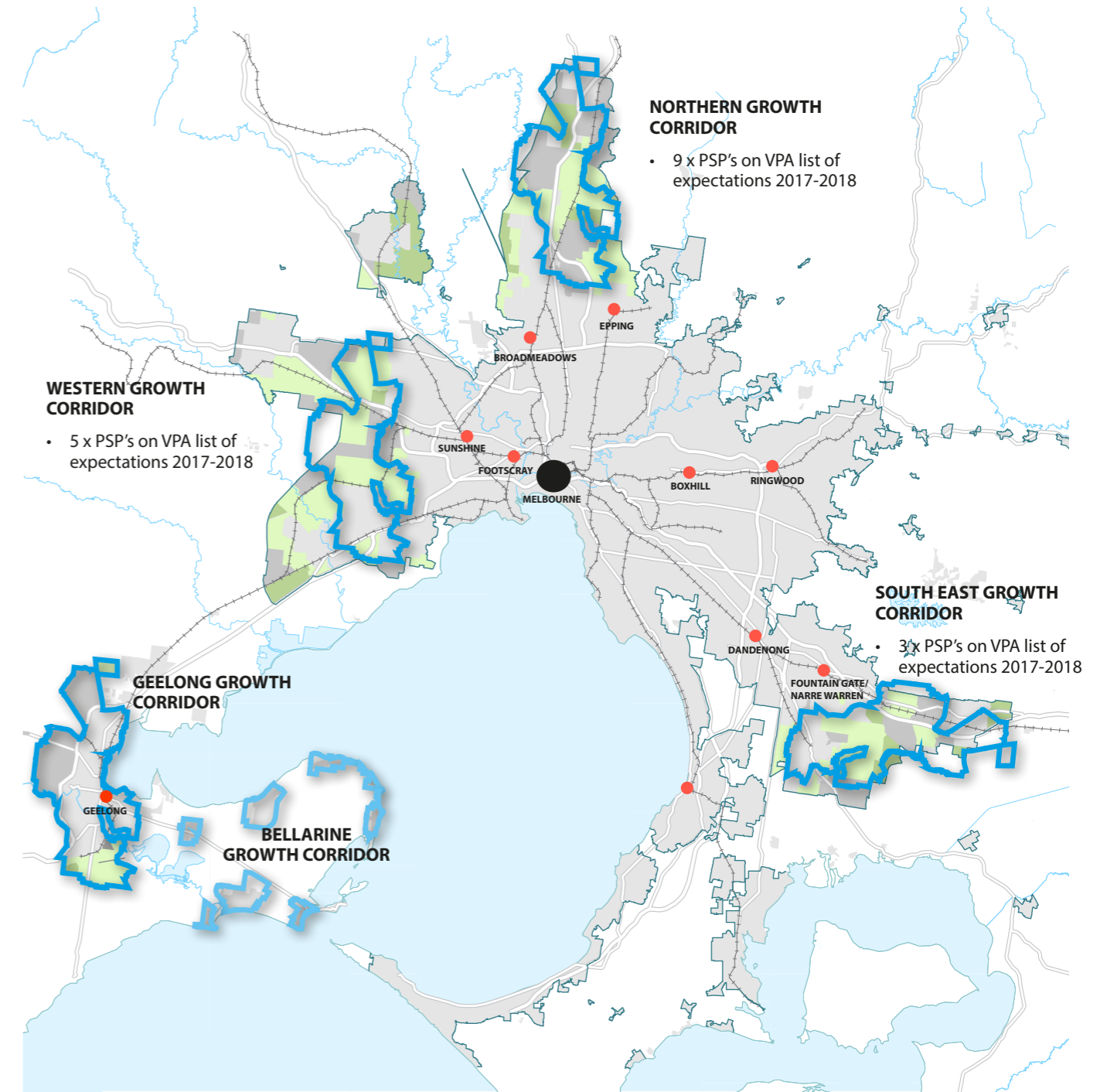
LAND FRAGMENTATION



61% of land within the Geelong and Bellarine Peninsula Growth Corridors is small/fragmented

MELBOURNE GROWTH CORRIDORS HAVE MULTIPLE DELIVERY FRONTS

Geelong's growth corridor has been overlaid on Melbourne's north, west and south east growth corridors. This plan highlights that Geelong and Melbourne's growth corridors are of similar scale.



GEELONG GROWTH CORRIDOR
BELLARINE PENINSULA GROWTH CORRIDOR

URBAN AREA
COMPLETED PSP's
PSP'S UNDERWAY
PSP'S NOT STARTED

PLAN MELBOURNE - CAPITAL CITY
PLAN MELBOURNE - METROPOLITAN ACTIVITY CENTRES
PLAN MELBOURNE - GEELONG REGIONAL CITY

TAKE A STRATEGIC APPROACH TO THE BELLARINE

- The Bellarine Peninsula is an important growth area that has been consistently planned for many years. Developers and landowners have made investment decisions over many years based on the existing planning frameworks.
- The UDIA supports preparation of a sound long term plan for the Peninsula that includes extensive consultation with all parties. The UDIA does not support the introduction of hard legislated urban growth boundaries being imposed on Geelong or the Bellarine Peninsula.
- The UDIA does not support either the introduction of a permanent settlement boundary through the Urban Growth Boundary provision that currently applies to metropolitan Melbourne or utilising the Distinctive Areas and Landscapes Bill that is being applied to the Macedon Ranges.

START PSPS NOW TO AVOID LAND FRAGMENTATION FRICTION

- To ensure a good stream of land and projects are able to be consistently brought to the market, the Strategy should discount the contribution of smaller fragmented land parcels to the supply equation.
- 44% of existing land supply is highly fragmented. If this supply is removed, then Geelong has less 5 to 8 years supply available. After that time the development pipeline will be subject to significant friction and prices will rise.
- Timely land release combined with the provision of infrastructure and services to create a sustainable growth model and boost housing diversity and affordability is vital.
- PSPs for the northern and western growth areas should commence immediately with technical background studies in conjunction with the finalisation of the Framework Plans.

OTHER CONCERNS

- The Draft Strategy relies on outdated data. The strategy states that 2006-2016 growth was 1.7% and 2016-17 growth 2.7%. There Strategy fails to recognise that the market dynamics have changed, and that Geelong now holds a major price advantage over Melbourne. This is a permanent change to the market that will drive strong growth in Geelong which is relatively affordable compared to most of Melbourne's growth areas. We understand that the new Victoria in Future data will project a long term acceleration of Geelong's growth.

- The Strategy should take a more strategic and longer term view in planning for further urban growth, including service and transport corridors so that future expansion areas are protected from inappropriate development that may disrupt long term urban conversion.
- In the context of such a long term plan, the Strategy could identify the location for some additional serviced rural residential development and some smaller lot rural living where they are outside land required for long term urban supply and major transport infrastructure recognising this form of development can provide for the full range of housing and lifestyle opportunities, provide for a green break between urban areas and support long term economic development objectives.
- The G21 aspirational growth rate of 2.5% would see the population increase by 152,600 to 387,900 by 2036. This creates demand for an additional 73,400 dwellings. We calculate that planning should at least assume 3% growth but could attract 4% plus (Wyndham is running at 6-7%).
- The growth surge growth rate of 3.0% would see the population increase by 191,778 to 427,121 by 2036. This creates demand for an additional 91,543 dwellings. Planning for faster rather than slower growth is advantageous.

RECENT MARKET RESEARCH

- Research by Colin Keane for the March 2018 quarter found that:
 - The median lot price increased by 10% for the quarter to \$245,000 per lot, representing an annual price growth of 20%.
 - Melbourne's median lot price is \$330,000 - \$85,000 more per lot than the Geelong land market.
 - Historically, Geelong has needed to deliver 175 homes per month to meet demand (representing approximately 6% of the demand seen in Melbourne). However, increased demand in Melbourne has lifted the long-running average number of new homes needed in Geelong to 240 per month.
 - More recently, demand for new homes in Geelong has represented 8% of the demand seen in Melbourne. Based on this ratio, there is a need to deliver approximately 350 new homes in Geelong per month.
 - Between 2016 and 2018, land market activity has averaged 107-127% of forecast sales activity.
 - Stock ready for sale is equal to 1.3 months of normal trading, which is considered low.

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