



18 May 2021

Councillors and Mayor
City of Greater Bendigo
15 Hopetoun Street
Bendigo VIC 3550

By email: requests@bendigo.vic.gov.au

Dear Councillors and Mayor of the City of Greater Bendigo

UDIA Victoria Submission: City of Greater Bendigo Revenue and Rating Plan 2021-2025

The Urban Development Industry of Australia, Victoria Division (UDIA Victoria) welcomes the opportunity to provide a submission to the City of Greater Bendigo as part of the consultation for the proposed Revenue and Rating Plan 2021-2025.

UDIA Victoria is a non-profit advocacy, research and educational organisation supported by a membership of land use and property development organisations, across the private sector and Victoria's public service. We are committed to working with both industry and Government to deliver housing, infrastructure and liveable communities for all Victorians.

The stated purpose of the Revenue and Rating Plan is to determine the most appropriate and affordable revenue and rating approach for the City of Greater Bendigo (CoGB) which will adequately finance the objectives in the council plan in conjunction with other income sources.

We recognize the importance of establishing an appropriate revenue and rating approach, and we support the stated purpose of the Revenue and Rating Plan as outlined above. We also strongly support council's desire to encourage the development of existing land zoned for residential use.

However, we consider the proposed Revenue and Rating Plan is not consistent with the stated purpose on the basis that the proposed increase to the vacant land rate will have a direct impact on the end cost of delivering new housing to market while also adversely impacting on the delivery of private market affordable housing.

There are a myriad of reasons beyond the landowner's control why land that is identified for residential use in a strategic planning document, and zoned for residential use, may not be developed for this purpose in the short term. These include requirements of overlays for heritage controls, native vegetation controls, bushfire measures, and neighbourhood character, as well as the current uncertainty regarding the Land Use Activity Agreement Community Benefit payable.

The planning and delivery of land for housing through the planning and approvals system is a complex, expensive and time consuming process. It is controlled by State and Local Government regulation of significant proportions. The complexity and inefficiency of this process with council, along with a range of other referral authorities and government agencies in the approval and delivery process, is a significant part of the reason why supply is constrained. Focus on enablement and delivery through this process would be far a more effective tool to deliver greater land supply to market at more affordable levels.

The simple definition of vacant land provided in the budget proposal does not pay any regard to the complex nature or stages of the approvals and delivery process for subdivision and the ultimate delivery of more housing. There are many stages that currently vacant land could be at on this journey. Property owners may well be in the process of seeking to subdivide and or deliver land to market. This proposal provides no opportunity for those rate payers to demonstrate their case in this regard. There are no third party rights proposed in relation to the designation of vacant land to receive the higher differential rate. How does an unreasonably assessed ratepayer waiting for a planning decision, waiting 12 to 18 months for a VCAT hearing or waiting for infrastructure design and compliance decisions for referral authorities explain their case as to why the vacant land surcharge should not apply.

The fact that no third-party appeal rights exist in the adoption of the rate in the dollar means that property owners have no right of appeal in what is a complex operating environment which needs individual consideration as to the status of vacant land for which the intended differential rate is to be applied.

Further, there appears an assumption that landowners can develop and deliver vacant land to market with reasonable access to capital for subdivision. Costs of subdivision for small lot inner urban subdivisions have risen significantly. There is a complex planning and approvals process. The reality is that development funding is difficult for the professional development industry and inaccessible for non professional developers. There are barriers to development that this policy does not anticipate or appreciate.

Again, in a complex operating environment a simple model such as this differential proposal on vacant land will not succeed in delivering land to market as there are greater influences in the complex operating environment than the price stimulus of a rate increase. It will ultimately simply be added as another cumulative cost to an ever increasing cost base of land supply and delivery that continues to erode housing affordability.

Increasing the vacant land tax rate is a blunt tool that is unlikely to encourage the land to be developed more quickly and will simply add to the holding cost of the land which will be passed on the new home buyers. It will not achieve the intended goal of greater supply but a reduction in affordability and the loss of reasonable rights of rate payers. This is in direct conflict with key strategies adopted by the COGB, including the affordable housing strategy.

Council cannot increase its amount of rating revenue beyond the rating cap. The alternate differentiation of rates will see little effect or change on the majority of households rating charges but an increase in cost of new housing.

This policy also seeks to dislocate long term rate payers from land which they have had long term association and often generational ownerships. It is the clear view of UDIA that this rating proposal will not achieve its intended outcome but will disenfranchise long term rate payers.

Why should generational property owners and rate payers, many of whom are elderly, be subject to a proposal to force them from the land they have an obvious connection with? Is it the role of council to essentially force ratepayers from their properties through economic hardship?

There will be significant unintended consequences for rate payers and those seeking housing from the adoption of any such budget approval.

Instead of using an increase to the vacant land differential rate to force landowners to develop the land, we recommend removing barriers to development, some of which are outlined above, to encourage zoned land to be developed more quickly.

Further specific comments in response to the proposed Revenue and Rating Plan are outlined below:

- The CoGB compact city model is supported, however we consider the removal of restrictions to development is a more effective incentive than a rates increase.
- The costs of development are high (\$90K-\$100K per lot) and an increase in rates will not balance this cost or force lenders to come to the party for small scale developers.
- For larger scale developers, land that has already begun the planning permit application process may be vacant for years while it goes through the planning permit assessment process, and any rates increase will just be added on to the cost of the product for the purchaser at the other end.
- Rates increase for vacant land will work against CoGB's affordable housing strategies. If council persists with these higher rates, the application should not be to all 'vacant' land but changed to be applied to 'buildable land and land that has not had a planning permit application submitted into the system'.

Whilst we commend the City of Greater Bendigo's efforts to encourage the development of existing land zoned for residential, we believe a balanced approach needs to be taken and that removing barriers to development is a more effective mechanism to encourage development.

Should you wish to discuss any of the matters raised in this response, please contact Dr Caroline Speed, UDIA Victoria Policy and Research Director by emailing caroline@udiavic.com.au to arrange a suitable time to do so.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Matthew Kandelaars'.

Matthew Kandelaars

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