



12 July 2024

[REDACTED]
City of Greater Bendigo
189-229 Lyttleton Terrace
BENDIGO VIC 3552

via email: [REDACTED]

Dear [REDACTED],

The Urban Development Institute of Australia, Victoria (UDIA Victoria) welcomes the opportunity to write to the City of Greater Bendigo (the City) regarding the proposed Managed Growth Strategy (the Strategy).

This submission aims to ensure that the proposed Managed Growth Strategy not only plans for Bendigo's future growth but does so in a manner that is sustainable, equitable, and reflective of community needs and environmental constraints.

About UDIA Victoria

The Urban Development Institute of Australia, Victoria (UDIA Victoria) is a not-for-profit research, advocacy and educational organisation supported by a membership of land use and property development entities, across the private sector and Victoria's public service.

UDIA Victoria is a signatory to the State Government's Affordability Partnership, whose focus is on meeting the objectives of Victoria's Housing Statement: building 800,000 new homes by 2034 – 80,000 homes per year, over the next decade.

UDIA Victoria is focused on establishing the right policy and regulatory settings to enable the development industry to continue building diverse, high-quality and sustainable housing during unprecedented population growth.

UDIA Victoria's policy committees are comprised of over 250 developers, practitioners and professional service providers from across the urban development industry. Their unparalleled technical expertise and industry experience has informed this submission.

About UDIA Victoria's Bendigo Chapter

UDIA Victoria's Bendigo Chapter is the preeminent voice for the urban development industry in Greater Bendigo.

Our committee of industry-leading experts from a range of fields including development, planning, law, engineering and design ensure sector-wide representation at a pivotal moment for the region.

The committee brings a wealth of collective experience to issues of policy, planning and development. We are committed to ensuring Bendigo remains one of the most attractive regions in Australia to live, work and invest.

Background

Late-2023 saw the release of the eagerly anticipated Victorian Government's Housing Statement, which proposes to deliver up to 800,000 new homes before the next decade – 80,000 homes per year to 2034. This follows National Cabinet's commitment to deliver 1.2 million new homes over the next 5 years, to July 2029.

UDIA Victoria is encouraged by a renewed focus, from all levels of government, on increasing supply to address the deepening housing crisis. Unfortunately, the residential development sector is currently experiencing some of the most challenging conditions many have ever seen.

Compared to the State's record population growth, residential construction is now at its lowest ebb since the recession of the early-1990s. 2024 is expected to see the delivery of fewer houses than previous years.

Strategic and statutory planning delays; increased construction costs; a reduction in the availability of skilled labour; and myriad issues relating to conservation, floodplain and bushfire management, and the timely provision of enabling infrastructure are all having a compounding impact on the sector's ability to deliver new housing responsively.

Draft Managed Growth Strategy

The Draft Managed Growth Strategy outlines a comprehensive plan to accommodate long-term population growth, enhance housing diversity, and ensure sustainable development.

We commend the City for pursuing a proactive response to meeting the region's long-term housing demand. However, UDIA Victoria wish to express our strong concerns regarding some of the key features of the proposed Strategy. We also seek to provide solutions for the City's consideration, to strengthen the Strategy and ensure it is fit for purpose.

Targets and justification for Managed Growth Strategy

It is our view that the Strategy should include references to previous documents (e.g., The City's Settlement Strategy, Housing Strategy 2016, etc.) and demonstrate whether the aspirational targets set in these strategies have been met. Historical data and trends over the last 10 years should be incorporated to show the effectiveness of past strategies and provide a clear justification for stronger policy actions, such as the removal of Neighbourhood Character Overlays (NCOs). This is critical as previous policies have not influenced the growth in the way the City has previously planned.

Additionally, data on the adoption of permit-free secondary dwellings should be included to reflect actual market preferences rather than what the City anticipates. An analysis of market trends over time is essential to understand what types of housing have been in demand and how this aligns with or diverges from Council policies.

The Strategy should justify the proposed 70/30 split for urban development and explain why this approach has been adopted, beyond merely adhering to State Government planning.

There is also no detail on how this can realistically be achieved and how it will deliver affordable housing that the market is seeking.

This justification should be based on robust data and market analysis to ensure the strategy aligns with both policy objectives and market realities.

Location and controls for greenfields

The Strategy acknowledges that greenfield development is crucial to ongoing housing supply in the region. We submit that the Strategy should illustrate how Council proposes to transition to more infill development, given the significant departure from status quo this represents. This will help clarify that any zoning or policy changes aimed at promoting infill development will not have an immediate impact and will take time to materialise.

We also contest the proposed approach to staged rezoning, since there is a need to maintain a constant and reliable supply of housing where people want to live and can afford to live. We submit that structure planning and amendments should be undertaken concurrently for Marong, Huntly, and Strathfieldsaye, rather than in a prioritised order. This approach prevents limiting choices and avoids "picking winners" – especially considering that the Maiden Gully North East (MGNE) area, identified as a growth area in the 2004 Residential Strategy, is still yet to be fully implemented.

Planning all three growth areas simultaneously provides a safeguard against potential changes in planning provisions, which could otherwise delay the process, if done sequentially. Rezoning is time-consuming, and conducting multiple rezoning exercises sequentially would consume resources and slow down progress, potentially leading to situations like Maiden Gully, where policy changes mid-process can frustrate the process.

Conducting rezoning as per the Managed Growth Strategy (MGS) concurrently allows the market to determine where permits are applied for, promoting competition and addressing affordability with multiple development fronts.

Infrastructure

There is insufficient evidence to support the claim that providing infrastructure to greenfield settings is more costly than to established areas in regional settings. Historically, in regional areas, a significant portion of infrastructure costs are often borne by individual developers. Therefore, we dispute the justification for increased infill development based on the premise of lower infrastructure costs.

In our view, the costs of achieving infrastructure upgrades suitable for a high rate of infill density are likely to be comparable with greenfield infrastructure costs in regional areas. Therefore, infrastructure costs in Bendigo should be considered on a site-by-site basis.

Priority development

The City of Greater Bendigo Housing Strategy, 2016 identified priority development sites, such as Hopetoun Street, the old Gillies site, and Chum Street. However, none of these sites has been developed. This raises the question of what is different about the Managed Growth Strategy that will ensure the identified priority sites are realised.

Out of the 22 priority sites, 12 are not yet zoned appropriately, which means 12 separate rezonings will be required, each potentially taking 2-5 years to complete. This lengthy process

indicates that supply cannot be brought online quickly enough to achieve the 70/30 aspiration.

Infill development in established areas

The Strategy should include detail regarding preferred or desirable housing typology, ie. townhouses, units apartments etc. Currently, we consider that there is not sufficient detail in relation to what Council defines as “infill” development, and how ‘infill’ will accommodate density

Council currently counts stand-alone single dwellings on lots over 500 sqm in established areas as ‘infill.’ This approach inflates the current ‘infill’ figure to 47 per cent, which we believe is overstated.

We believe it would be more appropriate for the Strategy to analyse the types and numbers of dwellings approved and balance it against the types and numbers of dwellings that have achieved occupancy. Council's own data confirms that only 13 per cent of all approvals have been for medium-density dwellings since 2001, meaning 87 per cent have been stand-alone single dwellings.

Council's housing capacity analysis confirms that only a fraction of lots delivered are 200-400 sqm, with most being 600-800 sqm. Therefore, Council should consider what needs to be in place to deliver 13 per cent medium-density and 87 per cent stand-alone housing, regardless of location. Alternatively, Council should outline significant policy shifts needed to change the long-standing housing patterns in Bendigo.

When ‘infill’ opportunities are exhausted, the demand for housing will not necessarily transfer to medium-density products. It is clear there is demand for free-standing dwellings on lots larger than 400 sqm, regardless of location.

Housing capacity

Council's housing capacity analysis assumes lots greater than 600 sqm can be developed to deliver lot sizes of approximately 300 sqm for future infill capacity. Only areas affected by the Bushfire Management Overlay (BMO) and Land Subject to Inundation Overlay (LSIO) are excluded from infill calculations. This analysis seems to ignore other limitations like vegetation, slope, Heritage Overlay, and Neighbourhood Character policies and Overlay (NCO), in addition to ex-planning unknowns such as LUAAs and Windfall Gains Tax.

Removing NCOs is likely to be fraught and will not make a significant impact. A quick calculation of the areas for which the NCOs will be removed shows that 290 properties will be less encumbered – this is not enough to accommodate the aspirational infill target.

Council's housing capacity analysis makes no assessment of the likely take up of opportunities for existing lots to be subdivided to provide true ‘infill’ outcomes. Recent Planning Panel recommendations in relation to Housing Capacity (Mornington Peninsula Planning Scheme Amendment C219morn and Monash Planning Scheme Amendment C167mona) have made recommendations that the modelled housing capacity needs to provide a basis in likely uptake demand.

Council should review its approval of the subdivision of existing lots less than 2,000sqm to understand the historical demand for this type of subdivision. We are concerned that there

has been a significant underestimation of the number of stand-alone dwellings that the market will require, and significantly overstates the available land for them to be delivered.

Development Economics

We note that this was central to the Greater Bendigo Residential Assessment report prepared by Ethos Urban for UDIA Victoria and shared with the City in late-2023. A copy of the report is attached to this submission.

The report evaluates the residential land supply in Bendigo, providing a detailed assessment of residential land supply in active estates, zoned and unzoned areas.

The report emphasises the need for a balanced and competitive land supply framework to maintain affordability and meet demand. It recommends prioritising the identification and planning of future growth areas, ensuring diverse market needs are met, and addressing infrastructure challenges. The assessment also stresses the importance of maintaining a steady supply pipeline to provide market certainty and support sustainable development.

Disappointingly, this seems to be largely overlooked within the Strategy.

Recommendations

In addition to these observations, we have prepared a list of recommendations we urge the City to consider, noting this does not constitute an exhaustive list. We implore the City to continue to work closely with all stakeholders, including industry representatives and UDIA Victoria on these important matters.

- **Aspirational Targets:** We recommend acknowledging the 70/30 split as an aspiration rather than a definitive direction. We discourage Council from mandating specific targets, as there is no planning scheme mechanism for enforcing such decisions. This approach aligns with the current trend of state government and other regional councils, who are softening their stance on strict targets.
- **Nuanced Support for Infill:** We recommend that the Managed Growth Strategy use more nuanced language regarding the 70/30 target (or even a 50/50 target). Specifically, the Strategy should lend support to infill development rather than directing a specific target. This will provide future users of the policy with a clear tool to support planning decisions that result in infill and density development, without rejecting other housing types.
- **Flexible Rezoning:** We recommend removing the specification that rezoning will be staged. Allowing the market to bring on supply as quickly and extensively as possible is crucial for addressing affordability issues.
- **Gradual Change Visualization:** We recommend better illustrating that any change will occur slowly over time and only if current statutory controls are successfully amended. This will help manage expectations and provide a realistic outlook on the impact of policy changes.
- **Housing Typology Information:** We recommend including detailed housing typology information for the reference of readers and users who may not be familiar with these terms. This will enhance understanding and improve the utility of the document.
- **Active Supply vs. Capacity Analysis:** We recommend including an analysis that clarifies the difference between capacity and active supply. This will provide readers with a more accurate understanding of the current housing market dynamics.
- **Economic Analysis of Housing Costs:** We recommend incorporating an economic analysis comparing the relative costs of infill/apartments with stand-alone housing. This will help users of the policy understand the economic rationale behind the recommendations.
- **Infrastructure Costs and Requirements:** We recommend providing more detailed information on the expected infrastructure costs and requirements to prepare central Bendigo for density development (water, sewer, power, etc.). This will facilitate a comprehensive comparison of the relative benefits of various development sites.

Further consultation

We value the strong working relationship between UDIA Victoria and the City of Greater Bendigo and are grateful for the opportunity to provide proactive feedback on the City's proposed Managed Growth Strategy. We thank you for your consideration of this submission and look forward to continuing to work with the City to address these concerns.

If you would like to discuss any of the matters raised in this submission, please don't hesitate to contact UDIA [REDACTED]

Sincerely,

[REDACTED]