

6 October 2023

[REDACTED]
City of Ballarat
PO Box 655
Ballarat
Victoria 3353

Via email: [REDACTED]

CC: [REDACTED]

Dear [REDACTED]

Re: Ballarat Housing Strategy 2023-2041

Thank you for the opportunity to provide feedback on the Ballarat Housing Strategy 2023-2041.

The Urban Development Institute of Australia, Victoria (UDIA Victoria) is the peak body representing Victoria's urban development industry. We are a not-for-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 governments to deliver housing, infrastructure, and liveable communities for all Victorians.

UDIA Victoria represents several organisations that are active across Victoria's regions, including Ballarat. We are proud of our role in supporting the continued growth of our State's major regional centres.

Background

Our submission is prepared within the context of a nationwide housing affordability crisis. We work with Local, State and Federal Governments to develop solutions to address land supply shortages, deteriorating borrowing capacity, increasing dwelling costs and a growing population.

The City of Ballarat is experiencing the fastest growth of any inland city across the state, with an anticipated 55,000 new residents by 2041. The advent of 'working-from-home' practices in many workplaces, affordability pressures and lifestyle offerings have contributed to the growing trend towards regional living, particularly in a well-connected area like Ballarat.

With current projections highlighting Ballarat's potential growth, which is expected to exceed 170,000 residents within the next two decades – it is clear, Ballarat will play a vital role in meeting future housing demand.

To support the region's rapid growth and ensure it remains an attractive place to live, work and invest, it is critical that housing, amenity, and infrastructure continues to match the region's growing needs.

Local context

The proposed Ballarat Housing Strategy seeks to create a framework for the City's continued growth by identifying the region's typologies and distribution of housing over the next eighteen

years. Creating these forward-looking strategies is critical to enabling industry to identify and prioritize their business decisions – this strategy is a welcome first step to build upon.

Feedback from our members suggests that lot prices have increased by approximately \$100,000 in Ballarat over the last 24 months and house prices have increased by close to 30 per cent (City of Ballarat, 2023, p. 11), the substantial demand being felt in the region is clear to see, as well as the constrained existing supply contributing to this price surge.

We note that 1 in 5 workers based in Ballarat is defined as a key worker. Approximately one-quarter of key workers cannot afford rental housing in the municipality, equating to a shortfall of affordable housing for key workers in the order of 1,300 – 1,700 dwellings.

A recent survey undertaken by Federation University Australia for Commerce Ballarat and the City of Ballarat canvassed the views of businesses in the Ballarat area on a range of matters. A key challenge identified by respondents was 'affordable housing', noting that "businesses find it difficult to attract qualified staff to Ballarat because of shortage of affordable housing in the region," (Riaz & Khan, 2023, p. 40). The report notes that "the immediate need for the region is to attract more people to the region and improve the infrastructure (including the availability of affordable housing) to accommodate population growth," (Riaz & Khan, 2023, p. 51).

There is an urgent need for immediate development opportunities that can contribute meaningfully to supply and create downward pressure on dwelling prices to ensure all Ballarat residents can access the market.

State of the industry

The following constitutes a high-level overview of some of the widespread challenges facing our industry which are also relevant to the Ballarat housing market and should be considered by the City to ensure the necessary support mechanisms are utilised to promote the desired development outcomes within Ballarat.

- Material and equipment shortages in Australia, and Victoria, continue to significantly impact project feasibilities for our members. Materials imported from overseas are often critical to construction projects, and any price surge directly impacts the cost per build. For example, it has been reported that contractors have experienced cost increases in steel of 80-90% between the time of bid submission and contract award (Infrastructure Australia, 2021, Urbis, 2023, p.10).
- Escalating costs of supplies has increased the prices paid on materials far beyond those estimated within many feasibility assessments and means that total build costs far outstrip estimated quotes in fixed-price contracts (HIA, 2023, Urbis 2023, p.3). This is happening to the extent that time delays are now reported to be the most impactful delivery risk.
- Australia, and especially Victoria, has suffered from labour market losses that resulted from the closure of international borders through the COVID-19 pandemic. This loss of skilled workers has meant a mismatch between labour demand and supply across key trades (Infrastructure Australia, 2022, Urbis, 2023, p.9) with many not choosing to return.

Housing Strategy

With an aspirational target of 50 per cent of development to occur in the established areas and the balance to occur within the growth corridors, realizing this outcome will require a total of 14,500 dwellings in each by 2041.

Given this projected growth and the existing pressures on housing affordability, we have identified areas for further investigation by the City and offer our members' market observations in delivering the final Housing Strategy.

To achieve the 50/50 growth/established area aspirations in line with the City's projected growth outlined within this strategy, significant support mechanisms must be implemented for both the growth areas and established areas, as outlined below.

Growth areas

The Housing Strategy outlines that the Urban Development Program (UDP) has identified 11,000 developable lots within the Ballarat West Growth Area with a further 24,000 lots available on land planned for rezoning.

It is our understanding that the available rezoned lots within the south of the Ballarat West Growth Area will not be readily available to bring onto the market to meet future demand. Ownership of this land supply is disparate with limited transactions in recent years. Feedback from members operating in this market suggests that the supply identified in this growth area is unlikely to respond at scale to future demand. The impact of constrained supply will be higher land prices and worsening affordability conditions.

Given this, our members would seek clarity surrounding the available utilisable zoned land supply within the Ballarat West Growth Area. We would note that State planning policy and Planning Practise Note 90 calls for 15 years of effective supply.

In 2022 the then Minister for Planning, Hon. Lizzie Blandthorn authorised the Victorian Planning Authority (VPA) to prepare a Precinct Structure Plan (PSP) for Ballarat's Northern Growth area. We note that the adjacent West Extension and North West growth areas were not rezoned into the Urban Growth Area.

To address the challenges associated with land supply in Ballarat, the two growth areas of Ballarat West Extension and North West, are better placed for accelerated development. We encourage the City to begin unlocking this future supply, which would provide certainty to industry and prospective homeowners alike. This is important not only for the housing industry but also for other stakeholders including water corporations to ensure orderly and timely delivery of new infrastructure.

We would note that these areas are well serviced by existing infrastructure in the area with retail and education readily available and roads approved for duplication.

Other opportunities for Ballarat

While the Housing Strategy specifies that these are the growth areas for not only Ballarat but also the broader municipality, the strategy does not show any other townships within the City of Ballarat. This is a missed opportunity to provide greater clarity for those townships' future development, they will play a critical role in achieving the regional development outcomes the

City of Ballarat is seeking to achieve and we would recommend they be included in the revision of this document.

An example of this is the existing township of Miners Rest which abuts the Ballarat North Growth Area, which if identified as a future residential area in the context of extending the growth area inclusion would accord with the Miners Rest Town Plan and the Amendment C235ball Panel recommendations.

Established areas

A diverse and varied housing typology is critical to ensuring accessibility into the housing market is achievable. From detached dwellings, small lot housing code products, and townhouses to apartments, each fulfils a vital role in the housing continuum and provides homeowners with a choice about the type of house they want to live in, and the location they choose to live.

Market intelligence from our members suggests that at certain price points, new house and land packages in newer parts of Ballarat are preferred over older, existing stock for some purchasers. With the existing market trend skewing heavily towards growth area development, the infill areas will require support by way of a timely and efficient approvals process to ensure they are affordable and attractive to home buyers. It is important to maintain a strong pipeline of supply across both markets to keep prices affordable more holistically.

The Housing Strategy identifies that there is a total supply of approximately 38,800 dwellings within existing (approved) and future (unapproved) greenfield growth area land and a total supply of 34,000 dwellings within existing residential-zoned land. However, of these 34,000 infill dwellings, *only 1,000 dwellings are expected to be accommodated on sites over 1 hectare*. Therefore, many infill dwellings are reliant on individual landowners subdividing and developing their existing properties. This is one of many unique challenges to delivering high-quality residential development, at volume, in established areas. The City of Ballarat will need to ensure they support greater levels of development in the municipality's established areas, to see diversity of supply is maintained.

In addition to this, disputes and time delays often impact the viability of projects and are especially prevalent within infill development. We agree with the Strategy's assertion that to achieve the infill development objectives rezoning must occur throughout the city, and timely planning decisions must be made. Greater certainty by the City development in line with this document will be supported and will improve industry confidence to bring supply to market.

Furthermore, consideration should be given to the utilisation of Strategic Opportunity Sites, given their ability to contribute to the provision of housing within the City of Ballarat. This is a gap in the Housing Strategy and a missed opportunity for short-term supply. Whilst there are a handful of sites identified as Strategic Opportunity Sites, this could be extended via a review of accessibility to infrastructure, services, and readiness to provide short-term supply. They provide opportunities for additional housing in well-located areas that can utilise and build on existing services and facilities from established areas.

Buyer Capacity

Buyer capacity continues to decline as prices continue to rise. UDIA Victoria research highlights that a regional Victorian couple with a moderate income, and no dependents, only has a borrowing capacity of \$350,680 as of May 2023. In comparison, a year ago they had access to \$556,270. This in conjunction with the Ballarat central median house price of \$607,500, and \$405,000 for apartments, illustrates the significant financial concerns for homeownership in the

region. A substantial increase in supply across all markets will lower this price point to better align with buyer borrowing capacity, and actively counter rapidly diminishing housing affordability.

Conclusion

Ballarat has a critical role in addressing Victoria's housing affordability crisis.

By unlocking the North West and West Extension Growth Areas, utilising Strategic Opportunity Sites and developing greater support mechanisms to increase project viability within Ballarat's established areas our members can work towards achieving the aspirations outlined with the Strategy.

We are proud to support the development of thriving communities in Ballarat, and we would encourage the City of Ballarat to progress this Housing Strategy to drive better outcomes for the community. The Strategy is a critical blueprint for future development, and with industry consultation, we can future-proof Ballarat's sustained growth while ensuring its unique character is not only maintained but enhanced.

If you would like to discuss any of the matters raised in this letter, please contact UDIA Victoria's Director of Policy, Jack Vaughan, at [REDACTED]

Yours sincerely

[REDACTED]
Linda Allison
CEO
[REDACTED]

City of Ballarat. (2023). *Draft Housing Strategy 2023-2041*. Ballarat: City of Ballarat.

Riaz, S., & Khan, N. (2023). *Ballarat Business Confidence Survey 2022-2023*. Federation University.

Urbis. (2023). *Industry White Paper: Capacity Constraints In The Civil, Land Development And Infrastructure Industries*. Melbourne: Urbis.