

28 March 2025

The Chair
Legislative Assembly
Environment and Planning Committee
Parliament of Victoria
Melbourne VIC 3000

via email: regionalhousing@parliament.vic.gov.au

Re: Submission to the Legislative Assembly's Environment and Planning Committee Inquiry into the Supply of Homes in Regional Victoria

Dear Chair,

We welcome the opportunity to contribute to the Legislative Assembly's Environment and Planning Committee's Inquiry into the Supply of Homes in Regional Victoria.

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 committed to working closely with industry, local, state, and Commonwealth government, key housing sector stakeholders, and the community to improve access to diverse, high-quality, and affordable housing in Victoria.

UDIA Victoria is a signatory to the State Government's Affordability Partnership, focusing on meeting the objectives of Victoria's Housing Statement, which aims to build a significant number of new homes over the coming years. UDIA Victoria is dedicated to establishing the right policy, regulatory, and taxation settings to enable the residential development industry to build great housing for the growing number of people who choose to call Victoria home.

We apply a rigorous, research and evidence-based approach to developing policy advice for decision-makers at all levels of government. UDIA Victoria research tracks market trends, construction costs, regulatory changes, and prevailing economic conditions, providing a comprehensive picture of Victoria's development industry.

UDIA is the leading urban development industry association representing regional development. UDIA has chapters in the Greater Bendigo and Barwon regions, and represents members across the regions, including in Ballarat and Gippsland. We are committed to advocating for policy settings that support regional development, while preserving the unique characteristics that make them attractive places to live, work and invest.

Background

Victoria is the fastest-growing state in Australia, with its population set to reach 10.3 million by 2051. There is a critical need to prioritise housing in Victoria's regions to support record this population growth. However, the delivery of new housing in Victoria's regional centres is being hindered by prohibitive property sector taxation, planning inefficiencies, inadequate investment in enabling infrastructure, and constraints limiting the supply of developable land.

During the COVID-19 pandemic, regional Victoria experienced a significant spike in net internal migration, driven by lifestyle preferences and remote work trends. However, recent analysis of Australian Bureau of Statistics (ABS) Regional Internal Migration Estimates indicates that this surge has since reversed.¹ Between March 2022 and September 2022, net internal migration to regional Victoria declined sharply, falling below pre-pandemic trends and averaging just over 1,000 persons per quarter—down from a peak of over 6,000 during 2020–21. This downturn highlights that regional migration is not a guaranteed or self-sustaining phenomenon. Rather, it underscores the imperative for coordinated planning, investment and policy settings to make regional living an attractive, long-term proposition relative to metropolitan and peri-urban alternatives.

Earlier this year, the Victorian Government released its anticipated Plan for Victoria, the 30-year strategy for managing the state's growth across both metropolitan and regional areas. Plan for Victoria supersedes Plan Melbourne 2017-2050 and recognises the increasingly important role of Victoria's regions. One of the 22 key actions set out in the Plan is a commitment to “carefully manage the outward sprawl of regional cities and towns”. This involves developing regional city boundaries in partnership with regional councils and focusing regional development in established suburbs.

The Plan's housing targets for Victoria's major regional cities – Ballarat, Greater Bendigo, and Greater Geelong – aim to deliver an unprecedented percentage of all new homes in their existing urban areas. The pressure these ambitious targets will place on the state's key regional city centres is substantial. Ballarat's target for new homes in non-greenfield areas by 2051 is 28,000, while Greater Bendigo's target is 26,000, and Greater Geelong's target is 77,500.

These infill targets are plagued by impracticality and viability concerns. For instance, data from PricewaterhouseCoopers – Property and Data Analytics shows that from 2015-2024, an average of 95 new homes per year were delivered in Ballarat's established suburbs. However, to meet the infill target outlined in the Plan, the City would need to increase that number to 1,100 new homes annually. Achieving such a drastic increase is improbable without substantial support from all levels of government.

While the Plan's infill targets aim to increase housing in regional city centres, this strategy overlooks that greenfield development is more closely aligned with market preferences and delivers the greatest affordability outcomes. Regional greenfield development is critical to delivering affordable market housing in Victoria, at volume. Yet, current policy settings are the greatest hurdle to delivery against these housing and affordability targets.

Victoria's regional centres have strong economic potential, with dwelling construction a significant contributor to the state's economy. However, significant property sector taxation is impeding housing supply in Victoria's regions. UDIA research shows that combined taxes and charges on greenfield developments now average \$2.5 million per hectare and account for approximately 44 per cent of the median lot price. This financial burden to development adds significantly to the cost of housing. When there is a lack of incentive for development, there follows reduced development activity, decreased supply of housing and exacerbation

¹ Australian Bureau of Statistics, Regional Internal Migration Estimates, Provisional; ABS National, state and territory population (Regional internal migration estimates, provisional), Ethos Urban analysis, 2022

of the existing housing crisis. With fewer homes being built, the market struggles to meet demand, driving prices even higher and further limiting affordability.

A lack of appropriately zoned land for residential development is also a major contributor to delays in delivering housing in the in regional centres. To boost land supply, suitable land needs to be rezoned to permit development for residential purposes. However, protracted timelines for rezonings and approvals, alongside statutory and strategic planning backlogs inhibit the release of developable land in regional areas. The supply of regional homes continues to face considerable delays due to inefficient planning processes and regulatory uncertainty. These delays are particularly detrimental to the provision of affordable housing in regional Victoria, as backlogs increase development costs, which in turn drive up homeownership prices.

Many strategic precincts in regional Victoria lack updated or adopted design frameworks that facilitate high-quality, mixed-use developments that have the potential to accommodate future housing demand. The absence of these fit-for-purpose frameworks in Victoria's regions contributes to poor planning outcomes and delays in medium-density residential development, undermining the strategic objectives for regional housing supply. These challenges are particularly pronounced in the key regional cities of Geelong, Ballarat, and Bendigo, where the issues they face reflect broader planning difficulties affecting housing supply across Victoria. Our submission specifically focuses on these cities, given the significant representation of our membership in these areas, which have helped to inform our advocacy. Although these cities are among many others across regional Victoria, the challenges they encounter are reflective of broader systemic issues impacting housing supply throughout Victoria's regions. The insights and policy solutions presented in this submission address issues that pertain to regional growth centres throughout the state, where overcoming these barriers is essential to meeting housing demand.

Recommendations

UDIA's position reflects our deep understanding of regional development in Victoria. As Victoria's population grows, our regionals – particularly the key regional cities of Ballarat, Greater Bendigo and Greater Geelong, will play an increasingly critical role in the housing equation.

UDIA Victoria recommends the following reforms to facilitate the Government's objectives to encourage more housing in regional areas.

- 1.** Abolish or review and cap Windfall Gains Tax (WGT) to support regional housing supply.
- 2.** Streamline strategic planning processes to ensure a long-term, steady pipeline of zoned land supply.
- 3.** Review and streamline post-planning approvals processes, including those relating to Cultural Heritage Management Plans (CHMPs).
- 4.** Fast-track Precinct Structure Plans (PSPs) and Development Contributions Plans (DCPs) while reviewing infrastructure costs to prevent financial barriers to development.
- 5.** Ensure adequate resourcing of relevant planning and engineering departments, support third-party accredited practitioners, and streamline approval processes to reduce planning delays.
- 6.** Devise Integrated Servicing Strategies in regional municipalities to coordinate and prioritise critical infrastructure investments, ensuring timely delivery of water, sewerage, drainage, and power to support regional housing growth.
- 7.** Develop Integrated Transport Strategies to align infrastructure, service and amenity investments with housing supply targets.
- 8.** Prioritise the timely preparation and approval of Urban Design Frameworks, Strategic Plans and Masterplans for infill precincts in regional municipalities, with state planning playing a greater role to minimise delays and improve outcomes.

1. Review and cap Windfall Gains Tax to support regional housing supply

The introduction of the Windfall Gains Tax (WGT) on 1 July 2023 has created significant uncertainty for regional residential development, particularly as it applies to all rezoned land in regional Victoria where the Growth Areas Infrastructure Contribution (GAIC) does not apply. Unlike GAIC, which applies in growth area councils in metropolitan Melbourne and has a defined rate structure, WGT has no upper limit, meaning it can result in significantly higher tax liabilities per hectare, impeding housing development in regional areas. The unpredictability and high cost of WGT is discouraging developers from investing in regional projects, further limiting housing supply and exacerbating affordability challenges. Many regional cities, including Geelong, Ballarat, and Bendigo, have been identified as key growth centres under Victoria's *Housing Statement* and in *Plan for Victoria*. However, uncertain and excessive tax liabilities are deterring landowners from rezoning land for development, restricting the supply of new homes at a critical time.

UDIA has long opposed the WGT due to its negative impact on the feasibility of housing projects, particularly in regional Victoria. While the government's intention is to capture land value uplift from rezoning, the tax has instead resulted in stalled or deferred projects, increased costs for homebuyers, and further uncertainty for regional housing markets. The application of WGT in regional Victoria has placed regional developers at a financial disadvantage compared to their metropolitan counterparts. Modelling undertaken by UDIA indicates that a hypothetical 20-hectare site in regional Victoria could incur a tax burden of approximately \$250,000 per hectare—more than double the GAIC levy applied in Melbourne's growth areas.

In some cases, WGT liabilities in regional Victoria could be up to four times higher than GAIC, creating a significant disincentive for investment. This is particularly problematic given the government's stated goal in *Plan for Victoria* of delivering over 200,000 new homes across Geelong, Ballarat and Bendigo by 2051. Without a clear and competitive taxation framework, the pipeline of new housing projects in regional areas will remain constrained, undermining the ability of regional centres to accommodate population growth.

WGT also acts as an impediment to urban renewal and infill development in regional cities, where financial viability is already impacted by construction cost escalation, labour availability, and limited access to infrastructure funding. The uncertainty around how WGT is calculated, when it is payable, and the overall financial exposure for developers is discouraging much-needed investment in brownfield and strategic redevelopment sites.

A straightforward and effective first step in reforming WGT would be to cap WGT liabilities at an equivalent rate to GAIC, ensuring at least parity between regional and metropolitan development. This would provide much-needed certainty to developers and landowners, unlocking stalled projects and ensuring regional Victoria remains an attractive place for housing investment.

Further, the timing of WGT collection should be reviewed to align more closely with project cashflows, rather than requiring upfront payment that places additional strain on development feasibility.

Recommendation: To support housing supply in regional Victoria, UDIA recommends the Victorian Government either abolish WGT, or:

- Introduce a cap on WGT liabilities for regional developments to ensure they do not exceed the GAIC rate.
- Review the timing and calculation of WGT to reduce uncertainty and ensure it does not act as a barrier to regional housing supply.
- Work with the development industry to refine WGT policy settings to support investment and the delivery of new housing in regional Victoria.

2. Land supply and zoning certainty

Despite the government's target of delivering 152,000 new homes in regional Victoria by 2034,² inefficient planning processes and regulatory uncertainty continue to delay housing supply. There are significant constraints in Victoria's planning and zoning systems that are impeding the release of developable land in regional areas.

A major bottleneck in land supply is the protracted timeline for rezoning and approvals, with many regional councils struggling to process applications due to under-resourcing. The Department of Transport and Planning (DTP) Annual Report 2023-24 states that since its inception in June 2021, the Regional Planning Hub received 438 requests for assistance in clearing statutory and strategic planning backlogs, demonstrating the scale of delays in the system. Furthermore, while the Development Facilitation Program (DFP) has approved 85 projects worth over \$10 billion since 2020, these approvals primarily focus on high-density urban developments, leaving regional land supply challenges unaddressed.

Our members have cited that land availability is a major factor limiting the expansion of housing projects, particularly in high-growth regional areas such as Greater Geelong, Ballarat, and Bendigo. A lack of appropriately zoned land has also contributed to delays in delivering much-needed social housing, reducing the impact of initiatives such as the Regional Housing Fund.

The Victorian Government's Housing Statement commits to boosting housing supply, but without clearer rezoning pathways and commitments to strategic land releases, regional Victoria faces continued housing shortages. Uncertainty around Geelong's long-term strategic land supply hinders investment in regional housing, exacerbated by the ongoing delay in the Geelong Settlement Boundary Review. Initiated in 2021, the review remains incomplete.

Similarly, Ballarat's rapid population growth underscores the need for more developable land to meet housing demand. The Ballarat Housing Strategy (BHS) 2023-2041 and the Ballarat Growth Areas Framework Plan (BGAFP) highlight that an additional 14,500 new dwellings will be required by 2041 to achieve population growth targets. While 11,000 developable lots exist within the Ballarat West Growth Area and an additional 24,000 lots have been identified for future rezoning, delays in land release and ownership fragmentation reduce the effectiveness of this pipeline. Furthermore, our members report Ballarat has experienced lot price increases by approximately \$100,000 over the last 24-months and house price rises of close to 30 per cent illustrating the urgency of addressing land supply constraints.

As of March 2025, CoreLogic data indicates that sales activity in regional Victoria has declined notably over the past year.³ While national sales volumes rose 6.2 per cent year-on-year, sales in regional Victoria were down 3.9 per cent compared to the previous year, and a substantial 12.4 per cent below the five-year average. In addition, properties in regional Victoria are taking longer to sell, with a median day on market of 50 days, up from 44 days a year earlier. This signal weakening buyer urgency and constrained affordability. Vendor discounting has also increased, with the median discount in regional Victoria now at 3.9 per cent, indicating that sellers are needing to lower prices to secure transactions. These subdued sales figures may reflect not only affordability constraints but also demographic changes. Post-COVID ABS data highlights a decline in net

² [Affordability Partnership to Build 152,000 Regional Homes.](#)

³ [CoreLogic Monthly Housing Chart Pack, March 2025](#)

internal migration to regional Victoria, falling to around 1,000 persons per quarter from its peak of over 6,000 during 2020–21.⁴

Bendigo is experiencing similar supply constraints, with land shortages affecting affordability and housing availability. The *Greater Bendigo Residential Assessment*, undertaken by Ethos Urban for UDIA,⁵ has highlighted that the city faces a fragile land supply framework. The assessment found that the number of lots in active residential estates is expected to be exhausted within 3 years, and that additional zoned future supply would only extend this timeframe to between 5.2 to 7 years.⁶ Without a clear and coordinated approach to strategic land release, the city will struggle to accommodate projected growth. Further, the staged rezoning approach proposed in the Managed Growth Strategy risks constraining land supply, exacerbating affordability issues, and limiting the housing market's ability to respond to demand.

An effective approach could involve concurrent structure planning and rezoning for key growth areas. By planning areas simultaneously rather than sequentially, a more predictable and competitive land supply framework can be maintained. Staggered rezoning can lead to market distortions, creating artificial constraints on supply and subsequently driving up prices. Planning all growth areas together would allow the market to determine where development should proceed based on demand and feasibility, rather than arbitrary sequencing dictated by policy. This approach would also safeguard against unexpected regulatory changes that may impact individual precincts if rezoning is done in isolation. Furthermore, concurrent planning ensures infrastructure investment is efficiently coordinated across multiple sites, preventing bottlenecks and enabling a steady pipeline of new housing supply.

DTP is currently undertaking a review of the Planning and Environment Act (the Act), providing an important opportunity to streamline the rezoning process, while emphasising the primacy of state level planning policy in land rezoning processes. In regions identified for growth at a state level and in locations already identified for future urban outcomes by regional level policy, amendments to the Act should enable Planning Scheme Amendments to progress under reduced notice processes and without the need for review by Planning Panel.

Including statutory timeframes for the responsibilities of Planning Authorities in relation Planning Scheme Amendments and clear consequences for these timeframes not being met would support streamlined amendment pathways. Land intended for future development is required to be included in repeated Planning Scheme Amendment processes. Initially, to be identified in State and regional policy before being translated to local policy and finally rezoned. Each of these processes can be subject to public notice and planning panels, adding years to actual delivery dates of dwellings.

Recommendation: Prioritise long-term certainty in strategic planning by streamlining rezoning processes and ensuring a pipeline of zoned land to expedite planning for regional growth areas. This includes:

- Completing settlement strategies and planning for designated growth areas to provide certainty and unlock new housing supply in regional centres.
- Ensuring a continuous pipeline of developable land by expanding identified growth areas in regional cities where feasible.
- Promoting concurrent structure planning and rezoning in key regional growth areas to ensure a predictable and competitive land supply framework.

⁴ Australian Bureau of Statistics, Regional Internal Migration Estimates, Provisional; ABS National, state and territory population (Regional internal migration estimates, provisional), Ethos Urban analysis, 2022

⁵ Ethos Urban, [Greater Bendigo Residential Assessment](#), 2023

⁶ Ibid

- Enhancing strategic planning for infill development by adjusting zoning regulations to allow for higher-density developments in strategic locations, such as near transport corridors and employment hubs.
- Strengthening data transparency on land supply by ensuring accurate, up-to-date reporting on effective zoned land, factoring in development constraints, ownership patterns, and land fragmentation issues.
- Addressing infrastructure constraints in regional areas by ensuring funding models reflect the true costs of greenfield and infill development, supporting infrastructure provision that enables timely land supply and affordability outcomes.
- Providing streamlined Planning Scheme Amendment processes for land clearly identified in State and regional planning policy to enable delivery of dwellings in timeframes to contribute the current critical shortages.

3. Cultural Heritage Management

Post-Precinct Structure Planning approvals, including for Cultural Heritage Management Plans (CHMPs), are a major impediment to timely and cost-effective housing delivery in the regions.

We are aware from discussions with our members that the current regulation and administration of CHMP approval processes in Victoria and associated practices, particularly those relating to CHMP investigations, salvage and assessments, is creating increasing administrative burden to Registered Aboriginal Parties (RAPs) while exacerbating uncertainty, costs and delay within the development industry.

UDIA has observed that RAPs bear a heavy workload in relation to cultural heritage testing, surveys and assessments, as well as monitoring and inspection activities under approved CHMPs.

The experience of UDIA's membership over the last 15 years indicates the current CHMP system is becoming increasingly complex and protracted without commensurate benefits for protection of cultural heritage, while hampering efforts within the industry to achieve adequate housing supply.

UDIA supports the preservation of cultural heritage and Land Use Activity Agreements but advocates that this occurs in a manner that remains fair, equitable and workable to support the necessary supply of new housing through identified growth areas.

Recommendation: To balance the preservation of cultural heritage with the delivery of housing within defined urban growth areas, including by:

- Ensuring RAPs are suitably resourced to effectively discharge their role under the Aboriginal Heritage Act, 2006.
- Establish a consistent, efficient, and accountable framework for the CHMP process across Victoria, led by the State Government, that includes: a concierge-style coordination service; an industry-wide CHMP accreditation system for contractors; standardised requirements for RAP involvement in site visits and inspections; clear protocols to enable works to proceed with adequate notice; and a benchmarked approach to costs, timeframes, and accountability.
- Ensuring consistency between the Victorian Planning Provisions and the Aboriginal Heritage Act by adopting a unified framework for assessing the cultural significance of heritage.
- Incorporating archaeological investigations into the PSP preparation process, concurrent with broader planning assessments, to determine and map areas of Aboriginal cultural significance. This would provide early certainty for landowners and RAPs, reduce risk and cost escalation, and avoid unnecessary delays in precinct planning and development.
- Considering statutory timeframes for CHMP assessment and RAP site attendance, aligning with the approach used for planning permit applications.
- Providing an appropriate resolution process for delays and disagreements as they arise.

4. Expediting strategic planning processes

UDIA members report significant ongoing delays in the preparation and approval of Precinct Structure Plans (PSPs) and Development Contributions Plans (DCPs), which are essential for unlocking new housing supply in regional Victoria. These delays hinder the timely release of land, contributing to ongoing housing shortages and affordability challenges.

In Geelong, the Northern and Western Geelong Growth Areas (NWGGA) are expected to accommodate more than 110,000 new residents, making them a critical to the state's regional housing strategy.⁷ However, the City of Greater Geelong has outlined a protracted 10-year process for completing key PSPs, including Elcho Road West, Heales Road West, and Batesford North. Such lengthy timelines create uncertainty for developers and slow the delivery of housing. This uncertainty affects their ability to plan and invest confidently due to unpredictable timelines, shifting policies, and regulatory delays, leading to increased costs, financing challenges, and reduced housing supply.

For context, a property developer is responsible for transforming land into places where people can live, work, and access services. This involves acquiring land, securing approvals and permits from local and state government authorities, designing infrastructure and housing, arranging financing, and managing relationships with the builders and investors. Each stage depends on clear planning frameworks and predictable timelines to manage budgets and labour. Uncertainty is a significant issue for property developers. Unclear approval processes or long delays make it difficult for developers to plan projects, secure finance, and deliver housing on time. Without certainty, developers face financial risk, as they must commit significant resources upfront without knowing when, or even if, their project will proceed.

Case study: delays and uncertainty

A developer planning a new residential estate in Lara within the NWGGA, secures land and begins early design work based on the expected approval process. They engage engineers to plan roads and drainage, negotiate funding with banks, and line up builders. However, after two years, the required PSP remains incomplete, and there is no firm timeline for when approvals will be granted. For developers, delays like these result in significant financial strain, as they continue to incur costs such as landholding expenses, interest on loans, and professional fees without generating revenue to service their liabilities. Construction firms engaged to develop the properties are likely to reallocate labour and resources to other projects, as builders and subcontractors cannot afford to remain idle without payment for completed work. Additionally, rising material, labour and capital costs due to inflation further erode project feasibility, and financiers may withdraw funding due to increased risk and diminishing return on investment. This often forces developers to abandon or scale back projects, leading to fewer homes being built, exacerbating housing shortages, and driving up prices for prospective buyers.

This example illustrates how prolonged uncertainty in planning processes can prevent much-needed housing from being delivered, affecting both developers and the broader community. This example only demonstrates holding costs at the pre-PSP stage. Once a PSP is approved, there are myriad planning delays such as negotiations with referral authorities that can result in a lengthy process to receive a planning permit to commence development.

The Ballarat Housing Strategy (BHS) and Ballarat Growth Areas Framework Plan (BGAFP) emphasise the need for accelerated strategic planning to ensure that housing supply keeps pace with demand. However, delays in the finalisation of the Ballarat Northern Growth Area PSP have slowed the activation of key housing

⁷ [Environment, Land, Water and Planning. NWGGA Terms of Reference, 2022](#)

precincts. Additionally, fragmented land holdings in the West and North-Western Growth Areas present a barrier to coordinated infrastructure and housing development.

Bendigo is facing critical housing supply challenges that threaten affordability and regional growth. While the *Greater Bendigo Residential Assessment* by Ethos Urban for UDIA has highlighted the fragility of the city's land supply framework, another crucial concern is the steep rise in land and housing prices, driven by constrained supply and heightened demand.

The aforementioned *Greater Bendigo Residential Assessment* found that between 2016 and 2022, median vacant land prices in Bendigo have increased from \$147,000 to approximately \$303,750, representing an annual growth rate of 12.9 per cent. Similarly, the median house price has grown from \$325,000 in 2016 to \$581,000 in 2022, reflecting an annual increase of 10.2 per cent. These figures indicate a housing market under strain, with affordability deteriorating as price increases significantly outpace income growth. Over the same period, median household income in the Bendigo Urban Area increased by only 3.9 per cent per annum, failing to keep up with the rising cost of housing.

This trend has had a direct impact on housing accessibility, with a growing number of households in Greater Bendigo experiencing housing stress. According to the 2021 Census, 10.2 per cent of mortgage-paying households and 30.8 per cent of renting households in the region are under housing stress, meaning they spend more than 30 per cent of their gross income on housing costs.⁸

The constrained land supply framework exacerbates affordability issues by limiting competition and preventing the timely release of new residential estates. The Bendigo Residential Assessment also found that while 11,110 lots are theoretically available, many are subject to planning constraints, bushfire overlays, or fragmented land ownership, delaying their delivery. Furthermore, of these lots, only 2,220 are currently in active residential estates, which are projected to be exhausted within a few years.

To address these issues, a more coordinated approach is needed to ensure a steady and competitive land supply. Concurrent structure planning and rezoning for key growth areas, such as Marong, Huntly, and Strathfieldsaye, should be prioritised to prevent artificial constraints on development. Additionally, mechanisms should be introduced to streamline infrastructure contributions and planning approvals, ensuring that future land releases are not delayed by regulatory inefficiencies.

Without immediate policy intervention to facilitate land supply and mitigate price escalation, Bendigo risks further affordability deterioration, limiting housing accessibility for local residents and undermining the region's economic growth potential.

Further compounding the issue, the cost burden of DCPs in regional Victoria remains a significant barrier. The high cost of infrastructure contributions, including roads, drainage, and community facilities, risks making projects financially unviable, thereby stalling development efforts. To ensure timely housing delivery, planning and funding mechanisms must be improved. Governments at all levels need to increase funding of regional infrastructure to ensure regional housing supply continues to meet demand and affordability expectations.

Additionally, infrastructure investment is not sufficiently aligned with planning approvals, delaying the activation of new housing areas. Across regional Victoria, the lack of municipal-wide Integrated Servicing Strategies has exacerbated delays in infrastructure delivery, preventing timely development. To address this,

⁸ [Australian Bureau of Statistics, 2021 Census of Population and Housing](#)

regional councils should be supported in the preparation of Integrated Servicing Strategies to ensure the coordination and prioritisation of critical enabling infrastructure.

The State Government should play a key role in ensuring strategic planning processes are expedited. However, its involvement in regional Victoria to date has been inconsistent. To accelerate the preparation and approval of PSPs for designated growth areas, the VPA could be directed by the State Government to proactively assist regional councils rather than waiting for requests by councils. Furthermore, the preparation of Urban Design Frameworks and similar strategic documents should be prioritised to ensure efficient development outcomes in key infill precincts.

Delays in planning processes are negatively impacting the provision of social and affordable housing in regional Victoria. Planning bottlenecks and slow development approvals have led to missed opportunities for affordable housing delivery, particularly in high-demand areas. Without more efficient strategic planning, the ability to meet Victoria's affordable housing targets will remain constrained.

Recommendation: To improve strategic planning processes and support the timely delivery of housing across regional Victoria, the Victorian Government should:

- Mandate municipal-wide growth strategies within a prescribed timeframe to provide long-term certainty for land supply across regional Victoria.
- Proactively engage in PSP preparation for regional areas without requiring council invitations, ensuring efficiency and consistency in planning processes.
- Accelerate PSP approvals in key regional growth precincts, including Ballarat, Geelong, Bendigo, and other high-growth regional areas, to maintain a steady supply of housing.
- Ensure infrastructure investment aligns with planning approvals, preventing activation delays in growth areas through early-stage infrastructure planning.
- Support regional councils in preparing Integrated Servicing Strategies to coordinate and prioritise critical enabling infrastructure.
- Streamline rezoning processes across regional Victoria to establish clear timelines and certainty for developers seeking to bring new housing supply to market.
- Address land fragmentation in regional growth areas through land consolidation strategies that promote coordinated development and reduce inefficiencies.

5. Strengthening planning and engineering resources

Our members have reported that under-resourced local government and authorities' planning and engineering departments are causing significant delays in the planning approval process, limiting the delivery of much-needed housing in regional Victoria. A growing backlog of applications and extended processing times are stalling development projects. One of the key challenges is the shortage of skilled professionals within local councils to manage planning applications, engineering assessments, and statutory approvals.

Additionally, across regional Victoria, inconsistent standards, prolonged consultation periods, and delayed implementation or the absence of municipal-wide growth strategies contribute to uncertainty for developers, residents, and infrastructure providers. Establishing a mandated timeframe for the preparation of strategic planning guidance, such as a 24-month deadline, would provide greater clarity and enable more effective coordination of planning and engineering resources.

The State Government, including through the VPA, should play a more proactive role in supporting the preparation of PSPs and Urban Design Frameworks for key growth areas across regional Victoria to prevent delays and inconsistencies in strategic planning. A stronger State Government focus on supporting

development outcomes in the regions would help navigate political intervention at the local government level, ensuring that planning efforts remain focused on long-term housing supply objectives.

In Bendigo, planning delays, infrastructure bottlenecks, and fragmented land supply have stifled growth. Limited council resourcing has contributed to inefficiencies in structure planning, resulting in a shortage of ready-to-develop residential land. The staggered approach to rezoning and structure planning for growth areas has slowed the availability of land supply, creating artificial constraints on housing delivery. Concurrent planning efforts across all major growth fronts should be prioritised to ensure efficient land release.

Ballarat faces similar challenges, with planning and engineering capacity constraints leading to delays in new housing supply. The BHS and BGAFP highlight that fragmented land ownership, the slow rollout of rezoning, and inadequate planning resources have restricted the timely provision of housing. The delay in developing new growth areas is contributing to affordability pressures, as supply struggles to keep pace with demand. Moreover, the limited pipeline of available land due to inconsistent land supply assessments underscores the need for a more strategic approach to planning and engineering resourcing.

The City of Ballarat's approach to housing supply assumes a 50/50 split between infill and greenfield development, but existing trends indicate that infill development is unlikely to meet this target. *Plan for Victoria's* aggressive targets for infill and greenfield development across both regional and metropolitan areas are comparable and equally at odds with market demands.

The City of Ballarat will be required to update its approach to support the State Government's targets and it is crucial that local government planning and engineering resources will receive heightened focus. The planning and engineering workforce must be expanded to improve development feasibility assessments, ensuring that infrastructure constraints, environmental overlays, and statutory approvals do not delay much-needed housing projects. Additionally, coordinated planning between councils and infrastructure providers is critical to aligning servicing with projected growth, particularly in areas identified for significant expansion.

Further compounding these issues, the lack of accredited third-party practitioners to assist in planning approvals has placed additional strain on already overburdened local council planning teams. This gap in resources has led to significant delays in processing applications, particularly for social and affordable housing projects.

Recommendation: Implement immediate steps to address local government planning and engineering capacity constraints by:

- Ensuring suitable funding and resourcing for local government planning and engineering teams to expedite approval timelines across regional Victoria.
- Expanding the use of third-party accredited practitioners to assess planning applications, reducing bottlenecks in the statutory approval process.
- Implementing streamlined standards and practices to enhance engagement between industry proponents and approval authorities, ensuring regional centres can support sustainable population and employment growth.
- Establishing dedicated regional housing planning teams within councils to prioritise social and affordable housing applications, ensuring these projects are not delayed due to capacity constraints.
- Enhancing coordination between infrastructure providers and planning teams to align servicing investment with housing development priorities.
- Requiring all regional councils to prepare municipal-wide growth strategies within a prescribed period (e.g., 24-months) to provide certainty regarding long-term land supply and infrastructure planning.

- Strengthening the role of the VPA in facilitating regional growth planning, including the preparation of PSPs and Urban Design Frameworks, without requiring council invitation, to prevent unnecessary delays and political roadblocks.
- Supporting concurrent structure planning and rezoning processes across major regional growth areas to ensure a steady and competitive supply of housing land.
- Addressing land fragmentation issues by supporting consolidation efforts and ensuring efficient coordination between landowners and planning authorities to accelerate the delivery of developable land.

6. Addressing infrastructure and servicing shortfalls

Development industry difficulties in delivering housing in regional areas are underscored by inadequate servicing infrastructure—including water, sewerage, drainage, and power. Many planned housing developments are delayed due to a lack of essential services, significantly constraining growth and affordability.

The lack of a coordinated infrastructure delivery framework has resulted in fragmented and reactive servicing, particularly in high-growth areas. Regional cities, including Geelong, Ballarat, and Bendigo, have identified servicing gaps delaying multiple developments, where essential infrastructure investments have not kept pace with housing demand. These issues highlight the need for a more structured approach to infrastructure planning, including the preparation of municipal-wide growth strategies to ensure land supply and servicing infrastructure are aligned with the state's housing targets.

Additionally, regional water and sewerage capacity constraints have been identified as a key challenge. The current water infrastructure planning approach does not align with housing growth projections, leading to bottlenecks in approvals and delayed development. Similarly, power supply and connectivity issues in regional centres are raising costs and limiting the feasibility of new developments. There is a pressing need for an integrated servicing strategy that brings together all levels of government and service authorities to ensure infrastructure is delivered in a timely and efficient manner.

Further, infrastructure funding gaps have been exacerbated by inconsistent development contributions and a lack of forward planning. The City of Ballarat has highlighted that infrastructure shortfalls are affecting its ability to deliver planned housing growth, particularly in the Northwestern Growth Area (NWGA), where development has outpaced essential infrastructure provision. The absence of a coordinated state-led approach has contributed to inefficient servicing, forcing local governments to rely on fragmented and uncertain funding sources. To address this, an integrated infrastructure planning approach must be embedded across all regional centres to ensure timely, cost-effective delivery of essential services.

A further challenge is the uncertainty in infrastructure funding. An urgent review of the infrastructure funding is required to ensure development contribution rates remain sustainable and do not lead to excessive development costs, hindering the provision of affordable housing. Without reform, the high cost of infrastructure provision in regional areas will continue to undermine housing affordability and development feasibility.

Recommendation: The Victorian Government must develop a regional-wide Integrated Servicing Strategy to provide a structured and transparent approach to planning, funding, and delivering infrastructure projects. This strategy should:

- Establish clear short, medium, and long-term servicing priorities to ensure infrastructure provision matches regional housing growth.
- Improve coordination between State and Commonwealth Governments, local councils, and utility providers to accelerate infrastructure rollout.
- Increase funding for critical infrastructure projects to prevent further delays in regional housing delivery.

- Ensure infrastructure planning aligns with social and affordable housing developments to avoid servicing bottlenecks.
- Require all regional councils to develop municipal-wide growth strategies within a prescribed timeframe e.g., 24 months, to improve certainty in land supply and infrastructure planning.
- Expedite the preparation of Precinct Structure Plans and Urban Design Frameworks where needed.
- Implement a consistent and transparent development contributions framework that supports infrastructure funding without compromising housing affordability.
- Prioritise integrated transport and infrastructure planning to better align with housing development needs across all regional growth areas.
- Establish a proactive state-led approach to servicing regional growth areas to ensure infrastructure delivery keeps pace with housing supply.

7. Better integrated transport and land use planning

Aligning transport infrastructure with housing development is essential to support regional Victoria's anticipated growth. However, funding gaps and delays in transport planning have significantly hampered progress. The Geelong Growth Area Transport Infrastructure Strategy (GGATIS), which was expected to be finalised alongside the Northern and Western Geelong Growth Areas Framework Plan (2020), remains incomplete, leaving crucial transport projects unfunded. Similarly, transport infrastructure planning across regional Victoria requires greater integration with land use strategies to ensure sustainable residential growth.

Inadequate public transport connectivity in regional growth areas is restricting access to employment, education, and services. Key projects such as the Avalon Station, intended to improve rail connectivity between Avalon Airport, the Avalon Employment Precinct, and surrounding growth areas, have yet to receive formal commitments. Earlier this year, the ABC reported on an example of how barriers to public transport connectivity affect residents of regional Victoria. In the scenario, Mr Stagg, a resident of Corio in northern Geelong spoke of his experience living without a car and attempting to commute 13km via public transport:

"If Mr Stagg did not use a taxi for part of his journey and instead relied solely on public transport, he would need to travel past Avalon all the way into Melbourne by taking a bus to North Shore station, a V/Line train to Wyndham Vale station, a bus to Werribee station, followed by a Skybus airport shuttle to the airport. Instead, he chooses to cut the 2.5-hour trip in half by taking a bus to North Shore Station, a train to Lara station, and a taxi to his job site warehouse. The journey costs him about \$60 per day, which Mr Stagg said could be better spent on fixing his car." [ABC News](#)

The Avalon Airport precinct is projected to support around 10,000 jobs by 2040, with businesses such as *Cotton On* and *Australia Post* already in operation. However, the development of further commercial and industrial opportunities through the Greater Avalon Employment Precinct is significantly hampered by insufficient transport infrastructure. The lack of robust transport links not only restricts access to the emerging job market but also reinforces existing economic challenges within these areas. Corio's unemployment rate is 11.5 per cent a figure that greatly exceeds the Greater Geelong average of 4.5 per cent.⁹ The neighbouring suburb of Norlane's unemployment rate is 19.5 per cent, the highest in the state.¹⁰

Similarly, transit corridors critical for improving regional mobility and reducing congestion across Victoria remain underfunded and uncoordinated. The need for coordinated infrastructure investment is evident

⁹ [Australian Bureau of Statistics, Corio-Lovely Banks](#)

¹⁰ Ibid, Norlane

across multiple regional centres, including Ballarat, Bendigo, and Geelong, where integrated transport solutions must align with planned housing developments in key growth corridors.

Ballarat's Growth Areas Framework Plan highlights the importance of transport planning aligning with housing supply in rapidly expanding growth areas. The city's NWGA require early investment in public transport, road duplication, and active transport links to ensure new residential communities are not car dependent. The fragmentation of land ownership and delays in infrastructure delivery are major barriers to effective urban expansion in Ballarat, and similar challenges exist in other regional centres.

Additionally, while strategic land use planning has progressed, transport planning and investment have not kept pace. This misalignment risks undermining the viability of new housing developments and perpetuating car dependency in regional Victoria. There is also a pressing need for active transport solutions, including pedestrian and cycling infrastructure, to improve sustainability and accessibility.

The absence of a coordinated Regional Integrated Transport Strategy has resulted in an ad hoc approach to infrastructure delivery. A comprehensive, government-led strategy would ensure that transport investment aligns with housing supply targets and broader economic development goals. Furthermore, integrated servicing strategies should be mandated across all regional councils to coordinate infrastructure investment, ensuring that transport networks and enabling infrastructure are delivered in a timely and transparent manner.

The State Government is best resourced to guide the development and implementation of comprehensive transport strategies and should work with local government on their delivery, in line with regional growth plans. The State Government can direct the VPA to assist in the preparation of integrated transport and land use plans, ensuring alignment with municipal-wide growth strategies. This will provide certainty to developers, councils, and communities regarding long-term infrastructure provision.

Recommendation: Develop comprehensive Integrated Transport Strategies for each region to align transport infrastructure with housing supply targets, including:

- Prioritise funding for key transport projects across regional Victoria, ensuring improved rail connectivity, transit corridors, and strategic road upgrades that support economic growth and housing supply.
- Secure increased State and Commonwealth funding to ensure timely delivery of regional transport infrastructure.
- Expand active transport initiatives, integrating cycling and pedestrian networks into transport planning to support sustainable regional development.
- Ensure public transport networks are designed to meet the needs of social and affordable housing residents, preventing transport disadvantage in growing regional communities.
- Mandate Integrated Servicing Strategies for regional councils to coordinate critical infrastructure investment and provide clear guidance to service authorities.
- Strengthen the role of the State Government in regional transport and land use planning, ensuring proactive involvement in growth strategy implementation across regional Victoria.
- Align transport planning with regional growth frameworks, ensuring that infrastructure investment supports strategic residential expansion in key growth areas.
- Address fragmentation of land ownership and streamline infrastructure planning processes in regional growth areas such as Ballarat, Bendigo, and Geelong to accelerate housing delivery.

8. Urban Design Frameworks for increased infill housing

Infill development across regional Victoria occurs at a lower rate than in metropolitan Melbourne for a variety of reasons. The City of Greater Geelong's *Settlement Strategy 2020* set an aspirational target for a 50/50 split between infill and greenfield development by 2036.¹¹ The City of Ballarat and City of Greater Bendigo have developed similar planning strategies to achieve greater volumes of infill housing. However, UDIA Victoria's *Geelong Chapter Strategic Priorities 2024–2025* report,¹² highlights that just 20 per cent of housing growth is currently occurring in the regions established areas – well short of the planned target. The same is the case in other regional cities. Infill development shortfalls in Victoria's regions reflect a divergence between local and State government approaches to density targets, with *Plan for Victoria* setting a closer to 70/30 proposed split between infill and greenfield development. Regardless of the misalignment between the approaches, a balance between infill and greenfield development is being hindered by insufficient zoning and design frameworks.

One of the primary barriers to achieving this balance is the lack of appropriate zoning and planning controls to encourage well-designed medium-density housing. In Geelong, UDIA has identified the Residential Growth Zone, General Residential Zone, and Neighbourhood Residential Zone as disproportionately allocated across the municipality, restricting infill development potential. Similarly, the Greater Bendigo Residential Assessment and Ballarat Housing Strategy highlight constraints such as outdated zoning, high infrastructure costs, fragmented land ownership, and limited developer incentives as key barriers to infill housing in regional centres.

Urban Design Frameworks (UDFs) play a crucial role in facilitating high-quality, mixed-use developments in infill locations. However, many key precincts in regional Victoria remain without updated or adopted UDFs, limiting their ability to attract investment and accommodate future housing demand. In our view, the absence of timely UDFs has contributed to poor planning outcomes and delays in medium-density residential development, undermining the strategic objectives for regional housing supply.

Across regional Victoria, including key centres such as Geelong, Ballarat, and Bendigo, the delay in delivering UDFs has been a significant impediment to achieving infill housing targets. The reliance on outdated or absent frameworks has resulted in missed opportunities for higher-density development in regional areas well-served by infrastructure and employment hubs. The failure to establish a clear planning direction for strategic precincts has also deterred private sector investment and created uncertainty around long-term housing supply. The City of Greater Bendigo's Managed Growth Strategy and the BGAFP have highlighted the challenges in realising infill housing goals, particularly in ensuring sufficient infrastructure, addressing development constraints, and enabling flexibility in planning approvals.

Recommendation: Accelerate the development and implementation of Urban Design Frameworks (UDFs) to support well-designed, medium-density housing in established regional areas, including:

- Ensuring zoning frameworks are aligned with the capacity for medium and higher-density housing, particularly in areas near transport corridors, employment hubs, and key town centres. This will enable an increased supply of infill housing across all major regional municipalities.
- Expediting the finalisation and adoption of UDFs for strategic infill precincts, ensuring that planning frameworks facilitate the timely delivery of high-quality, mixed-use developments that cater to growing demand. The VPA should be actively involved in assisting regional councils in this process.

¹¹ [City of Greater Geelong. Settlement Strategy 2020](#)

¹² [UDIA Victoria's Geelong Chapter Strategic Priorities 2024–2025 report](#)

- Expanding policies that support a diverse range of housing types, including townhouses, apartments, and mixed-use developments, to ensure that regional centres provide a variety of living options that support sustainable growth and economic resilience.
- Requiring regional councils to develop and implement municipal-wide growth strategies within a set timeframe, ensuring a structured approach to housing supply and demand, and reducing delays in the planning process.
- Integrating UDFs into broader strategic planning frameworks at a regional level, ensuring that land use planning aligns with infrastructure investment, economic development, and community needs.
- Addressing infrastructure funding and coordination to ensure infill developments are adequately serviced by transport, water, sewerage, and other essential services, reducing financial and logistical barriers to infill housing expansion.
- Overcoming barriers such as fragmented land ownership and slow approval processes that limit the feasibility of infill housing in regional centres. This includes exploring mechanisms to support land consolidation and streamlining regulatory requirements to accelerate project delivery.
- Encouraging private sector investment by streamlining approval processes and reducing uncertainty in planning decisions, thereby increasing confidence in the delivery of infill housing across regional Victoria.

Conclusion

Addressing Victoria's regional housing supply challenges demands a proactive and coordinated response from all levels of government. The DTP and Department of Families, Fairness and Housing (DFFH) Annual Reports highlights the barriers to housing delivery that must be urgently addressed through land supply certainty, infrastructure investment, planning reform, and economic alignment.

UDIA Victoria urges the Committee to consider these recommendations to unlock the full potential of regional Victoria's housing market. We welcome further collaboration to ensure these policy solutions are effectively implemented.

Further discussion

UDIA welcomes the opportunity to discuss these matters with the Committee further. Please do not hesitate to contact UDIA CEO Linda Allison [REDACTED]

Yours sincerely,

[REDACTED]

Linda Allison
CEO, UDIA Victoria