

A Plan for Victoria Submission

August 2024



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Introduction

The Property Council welcomes the opportunity to contribute to the Victorian Government’s consultation on developing a plan for Victoria. We recognise that the proposed strategy, **Plan Victoria (the Plan)**, will integrate and implement strategies across various agencies to support growth aligned with its core pillars:

- Affordable Housing and Choice
- Equity and Jobs
- Thriving and Liveable Suburbs and Towns
- Sustainable Environments and Climate Action
- A Vision for Geelong

We commend the Victorian Government (the government) for its proactive approach and are hopeful for the opportunities and certainty the Plan will provide. Victoria’s property sector urgently needs clear guidance to effectively deliver new homes, workplaces, and public spaces, driving economic growth and creating opportunities over the next thirty years.

Our submission spans 13 chapters, addressing various facets of the property sector, including residential, industrial, commercial, and retail. It:

- identifies current challenges within these sectors and explores their immense potential to bolster Victoria’s economic growth;
- emphasises the property sector’s pivotal role in driving Victoria to be a vibrant, sustainable state with thriving employment, dynamic precincts, and a diverse population; and
- underscores the critical importance of the property sector in meeting pressing housing needs both now and, in the future, ensuring Victoria’s continued economic and social prosperity.

Our submission makes several key recommendations aimed at fortifying the Plan, laying a robust groundwork for Victoria’s future development.



Property and shaping the future of our cities is central to our national prosperity and touches the lives of every Australian.

About the Property Council

The Property Council of Australia is the leading advocate for Australia's property industry.

In AEC Group's recently updated analysis for the Property Council completed in October 2023, they found the property industry:

- has the largest economic footprint of any sector of the Victorian economy, directly contributing \$58.1 billion to Gross State Product (GSP) in 2021-22 (12.1 per cent of the total contribution to GSP by all industries in the state) and is estimated to have contributed a further \$83.9 billion to Victoria's GSP through flow-on demand for goods and services.
- directly employed approximately 393,100 full time equivalent (FTE) employees in 2021-22 (12.8 per cent of Victoria's total) and supported more than 516,300 FTE jobs through flow-on activity.
- generates approximately 29.8 per cent of wages and salaries paid to Victorian workers.
- contributed approximately \$23.6 billion in combined Victorian Government tax revenues and local government rates, fees and charges revenue in 2021-22, equating to 62.4 per cent of total State taxes and local government rates, fees and charges revenues in 2021-22.

The Property Council advocates for a wide range of solutions to support development across all asset classes. Our current advocacy priorities at the time of this submission are:

- Lessening the taxation burden on property to unleash private investment opportunities and promote supply and affordability across all sectors, reducing the inflationary cost on buyers, renters and occupiers;
- Supporting planning reform and other policies designed to increase housing supply across all parts of the state;
- Unlocking land for future residential and industrial development, and achieving quicker and more efficient servicing of development-ready land;
- Enhancing the growth of emerging and alternative asset classes such as build-to-rent housing, purpose-built student accommodation and retirement living;
- Ensuring the ongoing renewal of Melbourne's central city as a place to work, live and play; and
- Supporting the industry's ongoing transition to net zero emissions.



Enhancing the growth of emerging and alternative asset classes such as build-to-rent housing, purpose-built student accommodation and retirement living.



Pillar 01 Affordable Housing and Choice

Pillar 1: Affordable Housing and Choice

Supporting the Future of Greenfield Development

The government has expressed a strong intention to achieve a 70-30 split of housing growth between established areas and growth areas. However, a robust greenfields development sector remains critical for meeting housing targets, particularly for providing more affordable housing options that facilitate entry into the homebuyer market.

Without adequate support for greenfield development, the goal of constructing 800,000 new homes over the next decade will not be easily achievable.

The Premier's recent commitment to the creation of a 10-year greenfield plan is a welcome first step to provide longer term certainty on the land supply pipeline. While details are yet to be released, we consider the following factors important for both that plan and Plan for Victoria to address:

- **The future role of the Victorian Planning Authority (VPA):** It is critical to ensure the VPA is adequately funded and focused to undertake its core function of unlocking land in growth areas. With the VPA now taking on an expanded responsibility of supporting the development of 10 new activity centres as outlined in the housing statement, government needs to consider

accompanying reforms to the precinct structure planning process to ensure what was supposed to provide a more streamlined and efficient process for precinct structure plans (PSPs) is no longer burdensome and onerous.

- Additionally, the introduction of VPA benchmark designs for intersections in Infrastructure Contributions Plans (ICPs) was supposed to make the approval system more efficient but it hasn't had this desired outcome. Currently, the ICP system is run off standardised costings, which is not working. There should be a design specific approach, where ICPs can increase in line with the cost of development. Under Developer Contributions Plans (DCPs), co-funding was reimbursable but this is no longer the case: this should also be reviewed to enable co-funders to be reimbursed for out of pocket contributions to get PSPs developed.
- **The future role of the Department of Transport and Planning (DTP):** To ensure DTP can effectively fulfill its role, it is imperative that it is appropriately funded this department. Currently industry is experiencing significant delays due to a lack of decision making and resourcing.



Pillar 1: Affordable Housing and Choice

- **The future role of Melbourne Water:** As identified in the housing statement, Melbourne Water must significantly improve its performance as a development services agency. Key areas of focus should include increasing resources, defining prioritised service delivery timeframes and establishing funding streams to enhance Melbourne Water’s capacity to deliver development services. This could involve creating a framework that allows developers to make upfront investments to supplement Melbourne Water’s resources when they are insufficient. This also includes a review of drainage service schemes (DSS) to ensure they have the right framework to release and acquire land for future housing.
- **Cultural heritage requirements:** The inconsistent and changing experiences with cultural heritage evaluations on development sites are causing significant delays in land development projects. A comprehensive review of cultural heritage processes is needed to ensure that they support appropriate cultural heritage protection while also improving the efficiency of housing delivery. As part of the review, an implementation of a standardised process should be considered.
- **Government Contributions:** Government needs to commit to contributing to connection infrastructure needed to support future development if it intends to reach its housing targets.
- **Amenity:** Government to consider timely delivery of community and local assets in a commitment to deliver active open space earlier.



Infill Development and Special Economic Zones

The government has clearly articulated its long-term aim to ensure a ‘70-30’ split on new housing growth, with established areas doing more heavy lifting than before.

Planning work underway to establish Melbourne’s first activity centres and the delivery of the Suburban Rail Loop East precincts expected next year will deliver bespoke planning controls designed to support a higher number of quality homes being delivered adjacent to new or existing and often underutilised infrastructure.

At the same time, it must continue to be recognised that, as a rule, infill housing development needs to overcome more financial hurdles than greenfield development, due to higher land values and construction costs among other factors.

To encourage development in underutilised and underdeveloped urban areas across both metropolitan Melbourne and key regional centres, we propose the establishment of Special Economic Zones (SEZ).

Drawing inspiration from Queensland’s Priority Development Area regime, SEZ should be state-led and provide a variety of incentives for developers and purchasers, including:

The proposed SEZ could be piloted in the government’s ten activity centres and other strategically important locations with existing infrastructure. By targeting geographically defined areas, rapid growth can be facilitated, supporting both metropolitan and regional decentralisation. Additionally, incorporating sunset clauses within the enabling legislation would ensure periodic reassessment of the zones’ circumstances and allow for recalibration of policy implementation as needed. This approach would create a dynamic and responsive framework to meet evolving urban development needs while fostering sustainable growth.

Additionally, the government should consider broader residential reform, to explore how residential zones have been applied and the efficiency of applications. This would unlock significant residential development opportunities. The review should consider granting authority to the government to enable it to direct or implement a priority development area as necessary. Finally, the Owners Corporation Act should be reformed to harmonise with current requirements in NSW, Queensland and WA, to enable the collective sales of ageing and underutilised strata communities with a 75 per cent majority vote. This will unlock redevelopment opportunities in more than 1000 sites presently in strata subdivision within 15 kilometres of Melbourne’s CBD.

- **Specialised Planning Schemes:** Implement planning schemes tailored for built forms and processes to expedite approvals.
- **Tax Exemptions:** Offer tax exemptions to stimulate development, including payroll tax, land tax, absentee owner surcharges, and council rate relief.
- **Stamp Duty Relief:** Provide stamp duty relief for purchasers to encourage investment and development.
- **Broadening Exemptions:** expand categories of exempted development if it’s met the design principles.

Supporting Residential Investment and Affordable Housing

The Property Council supports policies that drive the expansion of housing supply and recognises the urgent need for further policy measures to bolster the industry’s ability to deliver more affordable housing.

The government’s expanded Development Facilitation Program (DFP) marks a significant initial step toward this goal. However, feedback from industry indicates that while faster planning timeframes and the absence of third-party appeal rights are beneficial, they are insufficient to ensure project feasibility in a highly challenging economic environment and a strained construction market.

Additional mechanisms should be considered to further support the private sector and expedite the planning process to allow for the delivery of affordable housing. These mechanisms could include:

- **Density Bonus Framework:** Implementing a clear density bonus framework for developers with shovel-ready projects that incorporate a specified percentage of affordable housing. This framework should prioritise existing precincts and activity centres while also being accessible to developers in greenfield and regional areas.
- **Tax Incentives:** Offering tax incentives, such as land tax relief, to developers upon reaching construction milestones or completing housing projects that include affordable housing components. This would encourage developers to integrate affordable housing into their projects and achieve timely completion.
- **Affordability:** Subsidies and incentives for developers who look to sell a portion of their residential development as affordable housing defined by specific criteria.



Enhancing the Growth of Build-to-rent Housing

Build-to-rent (BTR) housing is defined as purpose built and designed long-term residential rental accommodation which is predominantly owned, managed and operated by an institutional investor for a long-term investment period. Revenue is generated through the rental of the dwellings as the primary source of income, with additional income generated from opt-in and ancillary services.

With demand for rental housing currently high and expected to remain so for the foreseeable future, BTR presents an important opportunity to deliver a new form of professionally managed quality housing which provides not only amenity, but security of tenure and ongoing asset management and investment.

Melbourne has been a favoured home of early investment into the BTR sector, in part due to the government’s welcome 2020 announcement to deliver tax incentives to level the playing field against other forms of housing, as well as favourable land values compared to other major cities.

The early success of the sector needs to be built upon within this plan, and further enhancements

can be delivered to ensure a strong supply of BTR to complement other forms of housing. As it stands, build-to-rent is not formally recognised within many local planning schemes, and the unique nature of BTR development is not always understood when navigating the local planning process.

The Property Council strongly recommends the plan formally acknowledges and recognises build-to-rent as an asset class, with the following changes recommended to support the feasibility and affordability of BTR development:

- **Apartment design standards:** discrete recognition of BTR within the Victorian Better Apartment Design Standards, like the New South Wales (NSW) model of flexibility offered for BTR within its Apartment Design Guide under SEPP 65. Guidance should be created for delivering indoor communal open space, with a mixture of internal and external amenity enabled; and
- **Planning pathways:** open a state-led BTR planning pathway, utilising the same definition as the land tax concessions to define eligibility to the pathway.



Making Planning Work Better

The planning system in Victoria is currently inefficient and costly, plagued by expensive zoning, lengthy planning processes, and regulatory red tape. While we commend the government for its renewed commitment to planning reform in the latest budget, we stress that this plan is an opportunity for the government to address not only red tape reduction but also the escalating housing crisis in our state.

The looming review of the Victorian *Planning and Environment Act 1987* (PE Act) represents a timely opportunity to undertake a comprehensive review of the state’s planning system with the view to overhaul the framework and cut red tape. It’s vital that the strategies and priorities laid out in the plan directly inform the PE Act reform process.

To improve and expedite significant developments, the Property Council also proposes the following measures to create a streamlined and efficient planning system that will increase housing supply:

01 Expand the DFP: Strengthen the DFP with powers to compel action and enhance its role to create a centralised and faster pathway for large residential projects. This includes allocating appropriate resources within the DFP to evaluate and deliver on the program’s original aims and timeframes. Initial criteria should allow any residential project creating 100 or more dwellings to access a specialised stream for at least the first 12 months, regardless of housing type. Other specialised streams should be available for emerging asset classes such as, build-to-rent, purpose-built student accommodation, and retirement villages, regardless of their scale, as well as significant industrial precincts. Criteria should be reviewed after 12 months with industry input to gauge success, with a focus on a four-month turnaround time for approval processes.

02 Clearing the Backlog: Introduce mandatory timeframes for all aspects of planning application process and post approval responses at the local government level. If responses are not provided within the timeframe, applications should either be deemed ‘approved’ or ‘advanced’ to the next phase of the application process. The government needs to explore incentives and penalties for not meeting mandatory timeframes such as projects being deemed to comply, or introduce “deemed refusals” to enable developers to pursue formal appeals more swiftly rather than be left in limbo.

03 Review of the PE Act needs to be implemented concurrently with other planning reforms to ensure cohesion and avoid duplication.



04 Fully deliver the Commissioner for Better Regulation's recommendations, as part of its Review, Turning Best Practice into Common Practice, including:

- Streamlining the planning scheme amendment process.
- Streamlining the precinct planning process to achieve a 18 month timeframe for new PSPs.
- Identifying and classifying existing and new priority precincts, ensuring the government has powers like the Suburban Rail Loop Authority (SRLA) to become the primary planning authority for state-led precincts.
- Completing the move to full online permit tracking and processing.
- Improving planning resources for councils by expanding the remit of the existing Regional Planning Hub program to be available for all councils on request.
- Streamlining applications according to risk to better progress low-risk applications.
- Reducing requests for further information and response times.
- Introducing public reporting on the performance of referral authorities to compel action on requests.

05 Improve the integration of cultural heritage requirements into land use planning by establishing clearer timeframes for related work and responses. Additionally, examine how cultural heritage management plans impact delays in land release and the development of new homes.

06 Commit to transparency and create a publicly available pipeline of government infrastructure projects, so industry can better prepare for capacity and any upskilling required.

Removing Roadblocks in the Planning Scheme Amendment Process

The planning scheme amendment process in Victoria faces several significant roadblocks, resulting in long delays and inefficiencies. In fact, it’s taking nine years to rezone land for residential development, the longest timeframe of all jurisdictions in the country.

This is largely due to the steps in the process being fraught with potential refusals and lacking statutory timeframes, making it challenging to achieve timely approvals for necessary amendments. In particular, and with reference to Table 1 and Table 2 (shown below):

- Step 1:** The planning authority can refuse the proposal before it even reaches the department or the relevant Minister.
- Step 2:** The Minister can refuse the amendment even if the council supports it.
- Step 6:** The planning authority can refuse the amendment, even if an independent panel recommends approval.

Step 7: There is no statutory timeframe for the Minister to decide. The Minister can still refuse the amendment even if an independent panel recommends approval and the planning authority adopts it.

Additionally, there are no rights of appeal for decisions made at Steps 1, 2, 6, and 7, even if the proposed amendment has strategic planning merit. Furthermore, the planning authority can abandon the amendment at any time after the amendment process has commenced, even if a panel or advisory committee hearing has begun under Step 5.

A Property Council committee member survey undertaken earlier this year highlight the severity of these issues, indicating a clear consensus that the planning system is broken. The average duration for each step of the process cumulatively leads to nine years.

Table 1

Step 1: Request Amendment		3.4 years
Step 2: Authorisation		4.1 years
Step 3: Preparation		1.5 months
Step 4: Exhibition		1.5 months
Step 5: Submission, Panels		4 months
Step 6: Adoption		Data unclear
Step 7: Approval		10.5 months

To speed up the process and provide more certainty, the Property Council has suggested revised timeframes for each step of the planning process with a proposed time of 18 months in total.

Table 2

Step 1: Request Amendment		3 months
Step 2: Authorisation		3 months
Step 3: Preparation		1 month
Step 4: Exhibition		1 month
Step 5: Submission, Panels		6 months
Step 6: Adoption		2 months
Step 7: Approval		2 months

The planning scheme amendment process is essential for managing land use and development, but it often faces challenges due to bureaucratic inefficiencies and delays. To streamline the planning scheme amendment process and reduce red tape, the following additional suggestions should be considered:

- **Streamline Different Types of Planning Scheme Amendments:** Categorise and streamline various types of planning scheme amendments to ensure that each type follows an appropriate and efficient pathway.
- **Introduce an Omnibus Bill:** Combine multiple related amendments into a single omnibus bill to simplify the process and reduce redundancy.
- **Measure and Review Performance:** Implement a system to measure and review the performance of the planning scheme amendment process from start to finish, identifying and addressing steps causing unreasonable delays.
- **Modernise Public Explanations:** Improve public explanations of proposed planning scheme amendments by using plain language, providing multi-language options, and incorporating images to enhance understanding.

- **Early Referral to Planning Panels Victoria (PPV):** Require councils to refer exhibited amendments to PPV at the earliest opportunity to expedite the review process.
- **Reduce Panel Report Publication Period:** To ensure the timely delivery of outcomes, decrease the maximum period for councils to publish panel reports from 28 days to 14 days.
- **Require Reasons for Abandoning Amendments:** Mandate that councils provide clear reasons when they decide to abandon, not consider, or not progress an amendment.
- **Clarify Amendment Requests Process:** Establish a clear process for applicants to formally seek a planning scheme amendment related to their land and define how such requests can be referred to the relevant Minister, if the council unreasonably rejects the proposal.

Supporting Good Design Outcomes

The Property Council is dedicated to promoting high-quality design outcomes in development. However, within the current Victorian planning system, the assessment of “good design” can be a hurdle for planning approvals and needs to be streamlined through more effective design discussions.

Good design is critical not only to the aesthetic appeal of our cities but also to their functionality, growth, and sustainability. It ensures that buildings are flexible and adaptable, remaining fit for purpose over time while being environmentally, economically, and socially sustainable.

Good design contributes to health and wellbeing by incorporating aspects such as ventilation, safety,

natural light, and green spaces holistically. Although design costs constitute a small percentage of a project’s total cost, they can reduce operating expenses and lead to substantial long-term savings. Additionally, good design can lead to innovative solutions, ensuring our cities continue to improve and adapt.

We support the government’s ambition to promote good design. However, in its current form, discussions around design quality in the Victorian planning system often stifle innovation and present a hurdle to development by consuming precious time and potentially delaying projects, rather than promoting good design outcomes.



What can Better Design Standards Achieve?

The Victorian planning system strives to promote good design in the built environment. When applied correctly, design standards can ensure good design is a key driver in the development process, assessment frameworks, and the ultimate built outcome. Design standards can:

- **Facilitate Innovative Design Outcomes:** Ensure innovative design solutions are explored throughout the design process, incentivise good design, and allow our cities to adapt and respond to changing circumstances, climate, and market demand.
- **Create a Baseline, not a Standard:** Frame and assess design standards as a bare minimum to elevate the bottom end of developments where no other design solution is possible. This approach ensures that better design solutions are not discouraged in favour of achieving minimum standards.

- **Build Confidence with Communities:** Provide confidence for local communities, industry, and Government that there is a robust, transparent, and clear process to ensure built outcomes add value to the community and are respectful of their context.
- **Mitigate Community Opposition:** Engage with communities and showcase how new development creates benefits through good design. Better design outcomes can help reduce community perceptions of higher density as negative.
- **Consider Design as Part of Social Value:** Embed good design as part of a holistic view of the social value a new development provides for the surrounding community.





Markham Avenue: An example of good design¹

Markham Avenue is one of the first projects designed and delivered under the Victorian Government’s Big Housing Build.

Spread across five buildings within a welcoming environment, the community’s 178 social and affordable homes are ‘tenure blind’, arranged and designed to be indistinguishable from each other. The 100 per cent government-owned development is a socially and environmentally sustainable place to live with quality at its core.

Once occupied by 56 timeworn public housing units from the 1950s, the site has been transformed into a vibrant, landscape-led community designed for longevity, with the dwellings integrating seamlessly with their natural surroundings and with the grain and materiality of their neighbourhood context.

Defined by generous spaces and amenities, connections to nature, and timeless, durable materials, Markham Avenue represents a healthier, more inclusive form of higher-density living.

¹ Project credits Architecture & Access, Access/DDA Consultant, Built, Contractor, ID Lab, Signage Consultant, Leigh Design, Waste Consultant, MALA, Landscape Architect, McKenzie Group Consulting, Building Surveyor, OneMileGrid, Traffic Engineering, Ontoit, Project Management, proUrban, Town Planner, Reeds Consulting, Land Surveyor, SCL, Architectural Specifier, Stantec, MEP Engineering (Mechanical, Electrical, Hydraulic, Fire Services), Vertical Transport, Sustainability/ESD, Acoustic, WSP, Structural & Civil Engineering

The Issues with Design in the Current Planning Process:

- **Rigid Prescriptive Standards:** Current prescriptive design standards do not encourage or incentivise innovative design solutions. These standards often turn the planning process into a ‘tick-box’ exercise, which ultimately hinders good design instead of promoting it. While these standards aim to lift the lowest quality, they unfairly restrict innovative solutions and flexibility.
- **Stifling Flexibility and Resilience:** Reliance on prescriptive standards discourages flexibility by preventing new ideas that respond to emerging challenges. These ideas might not meet the prescriptive standards but could achieve a better overall outcome. This rigidity prevents the planning system from adapting to new and innovative approaches that could improve design outcomes.
- **Lack of Informed Design Discussions:** Some planners lack the knowledge and familiarity with design, limiting meaningful discussions. Additionally, there is a concern that some urban design advisors take a narrow approach, overlooking critical aspects such as project feasibility, greater good outcomes, internal building outcomes, and site constraints. This lack of a holistic perspective can stifle innovative design solutions.
- **Ambiguity in Design Standards:** Some design standards are ambiguously framed, lacking clear guidance or examples on how to meet them. These standards can be highly subjective, leading to debates on minor issues. This ambiguity causes delays in the planning process, as there is often no agreement on what constitutes good design outcomes



Proposed Solutions

- 01

Awareness and training for planners. Better awareness and training in design for planners would allow confidence to exercise discretion while assessing applications and having discussions with architects, developers, designers and the broader community. Allowing planners to build capabilities in design and be open to discuss creative ideas might allow broadening of skillsets and retention of quality staff.
- 02

Allowing flexibility and discretion. Framing design standards as both prescriptive and performative will provide a baseline of good design that must be met while allowing planners the discretion to accept innovative design solutions where those lead to a better outcome.
- 03

Further resources for design professionals. Further resources to agencies tasked with supporting development (e.g. design panels, councils). This will enable more opportunities for design reviews, faster response times and greater access to formal design advice for both developers and local councils.
- 04

Consistent, aligned and concise government guidance on good design. Through a coordinated framework on good design, developers and government will have a common understanding of good design, provide reliable guidance and will reduce conflicts, interpretations by the Victorian Civil and Administrative Tribunal (VCAT), personal bias and assist in streamlining discussions and approval processes.



- 05

Consolidate and align design advice from multiple agencies. Multiple design advice from different agencies is sometimes necessary and helpful (e.g. separate advice from the Office of the Victorian Government Architect (OVGA) and council). However, a process needs to be developed to consolidate government advice into a consistent position and reduce contradicting advice that is often left for developer discretion.
- 06

Project specific planning & design guidance as part of a referral process. In initial stages of a project, providing a clear site-specific brief from council about design considerations and/or planning parameters to create clarity around design issues and constraints at the start of the process.
- 07

Distinction between “compliant applications” that are streamlined and “divergent applications”. Exploring a streamlined process for developments that are compliant with prescriptive design standards while allowing a separate process for developers to pursue innovative solutions for others.
- 08

Raising community awareness of areas of growth. Raising community awareness and aligning expectations for communities within designated growth areas, such as activity centres, about the expected nature and scale of growth and future character of the area.



Simplifying Cultural Heritage Requirements

The Property Council is committed to our ongoing support for the preservation and protection of Victoria’s indigenous cultural heritage. The state’s indigenous history is one of our greatest cultural assets and enriches the diverse tapestry of our society.

Unfortunately, the property industry in Victoria is currently facing a wide array of significant challenges related to the state’s indigenous cultural heritage protection scheme – significantly impacting the delivering of built form across all asset classes. These challenges are impacting project timelines, costs, and land development potential and can be summarised as follows:

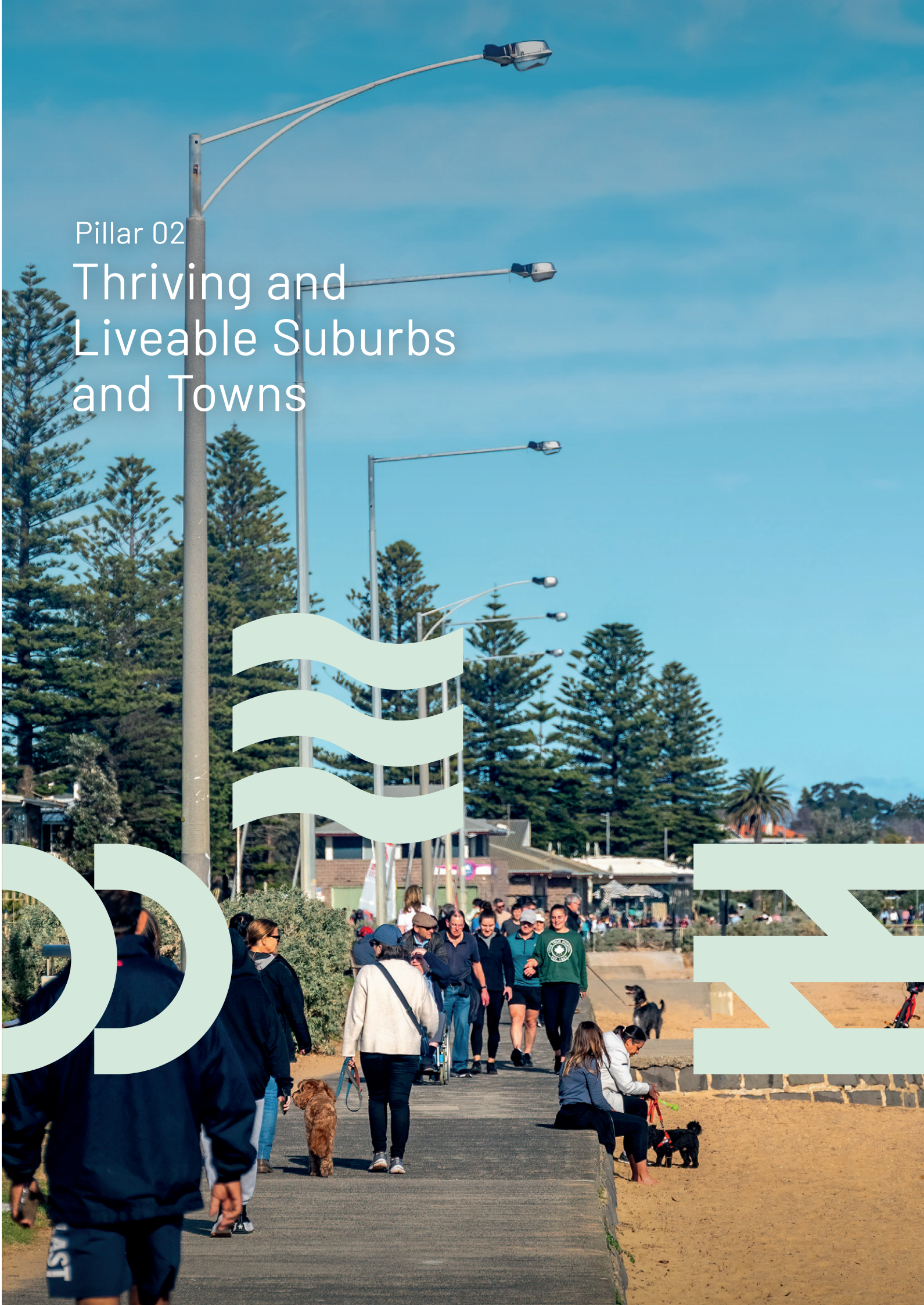
- **Consistency:** One of the most significant challenges facing the property industry is the lack of clarity and efficiency in decision-making within the cultural heritage protection scheme. Stakeholders often face uncertainty about who is responsible for making decisions and the hierarchy of reporting. This ambiguity leads to difficulties in identifying the appropriate contacts for queries or challenges, resulting in prolonged decision-making processes.
- **Timeliness:** Significant delays in acknowledging and responding to submissions are common, often resulting in rushed and inadequate responses. These delays extend project timelines and increase costs, making the process inefficient and frustrating for stakeholders.
- **Increasing requirements:** The requirements for finalising Cultural Heritage Management Plans

(CHMPs) have become increasingly complex and detailed compared to the past, leading to higher costs and making some land undevelopable. On-site testing in some cases is taking more than two years. Additionally, areas deemed developable during the PSP process are later designated as sensitive, leading to significant project disruptions. These increased requirements significantly impact the end-sale lot prices for residential development, unfortunately impacting affordability.

The government should strive for a better balance between preserving cultural heritage and supporting positive development outcomes. The Property Council has been contributing to government-led reviews on this topic, but the Plan for Victoria work is a chance to set a strategic direction for the state that can reflect the balance required. Actions to support this can include:

- Establishing a transparent decision-making hierarchy with clearly defined roles and responsibilities;
- Developing a more efficient reporting system to allow for quick escalation of issues and timely responses from relevant authorities;
- Implementing a standardised approach to testing and protection measures to help reduce costs and time; and
- Consider implementing a system similar to the Melbourne Strategic Assessment (MSA), where known cultural heritage areas are mapped and protected from the outset.

Pillar 02
Thriving and
Liveable Suburbs
and Towns



Pillar 2: Thriving and Liveable Suburbs and Towns

Housing Targets – Opportunity for New Communities

The Property Council welcomes the government’s planned introduction of local housing targets to inform the urban growth of Victoria in decades to come. The inclusion of clear housing targets – which must be accompanied by incentives and penalties as part of an accountability framework, will keep Plan for Victoria on track unlike previous city and state planning strategies which lacked an implementation framework.

The draft housing targets released in June 2024 have significant implications for inner ring and medium ring areas where a doubling of dwelling and population targets have been proposed. Before these targets are finalised, there needs to be a published assessment of their impact on suburb liveability and future infrastructure needs, such as how new or expanded local schools could cater for increased population demand, and what local community infrastructure needs are required and can be delivered over short and long term timeframes. Further the practicality of delivering the targets in the timeframes proposed needs to be assessed.

With significant complexity to resolve in planning and market conditions for infill housing, it’s encouraging the housing targets recognise the continued strong need to unlock land for new homes in Melbourne’s growth areas.

In 2022, the Property Council commissioned Urbis to undertake research on ‘Greater Melbourne & Geelong Residential Supply’² to understand the full extent of residential land supply around Melbourne and regional Victoria. The research indicated a potential shortage,

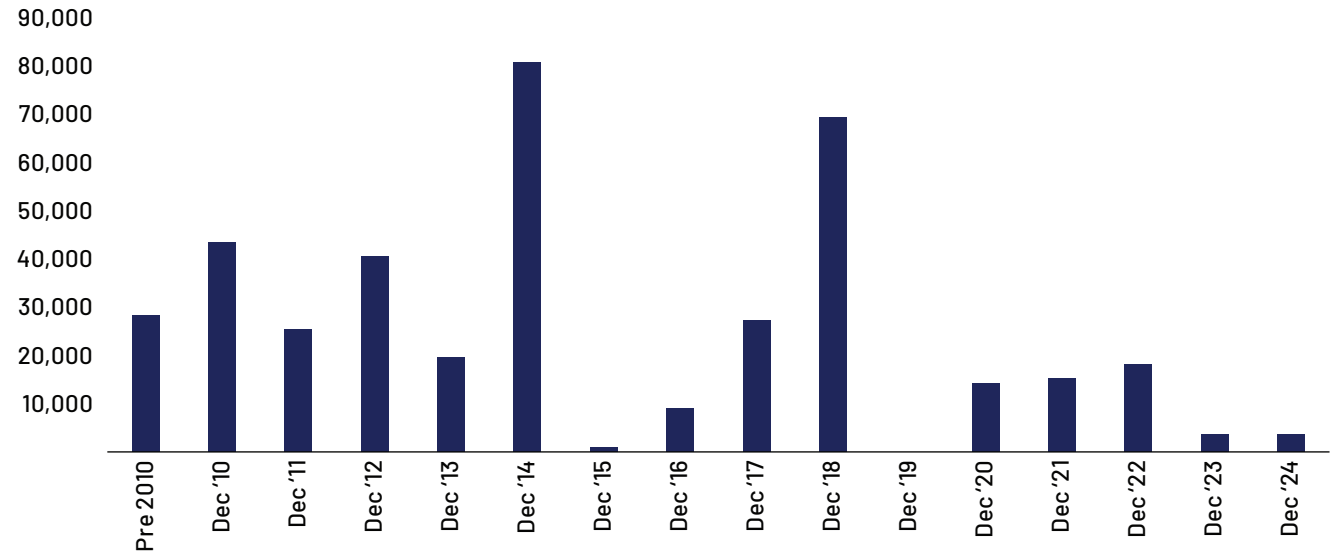
with as little as three years of active lot supply in Melbourne and nine years in Geelong under certain scenarios. To mitigate this shortfall, an additional 9,000 to 17,000 lots need to be released annually.

We strongly urge the government to prioritise the release of additional active residential and mixed-use lots in growth corridors, aligning closely with the VPA’s PSP 2.0 process. Currently, several ongoing PSPs face delays or pauses due to resource constraints, potentially holding back the delivery of up to 50,000 new lots. Depending on the density outlined in each PSP, this delay could impact the creation of 60,000 to 80,000 homes.

Regardless of the state’s strategic planning direction, unlocking land for greenfields development remains crucial for generating affordable housing volumes. While supporting the 70/30 strategies, it is imperative not to impede the greenfields development pipeline until robust and proven strategies are in place to confidently unlock necessary housing volumes in established areas.

Maintaining a dedicated precinct structure planning process is essential to ensure no PSPs exceed a two-year completion timeframe (on average, ‘farm to front door’ exceeds five years). Long-term resourcing for the VPA and empowering it to prioritise critical projects that significantly impact land and housing supply are crucial for sustained success. Graph shows the decline in approved PSP lots:

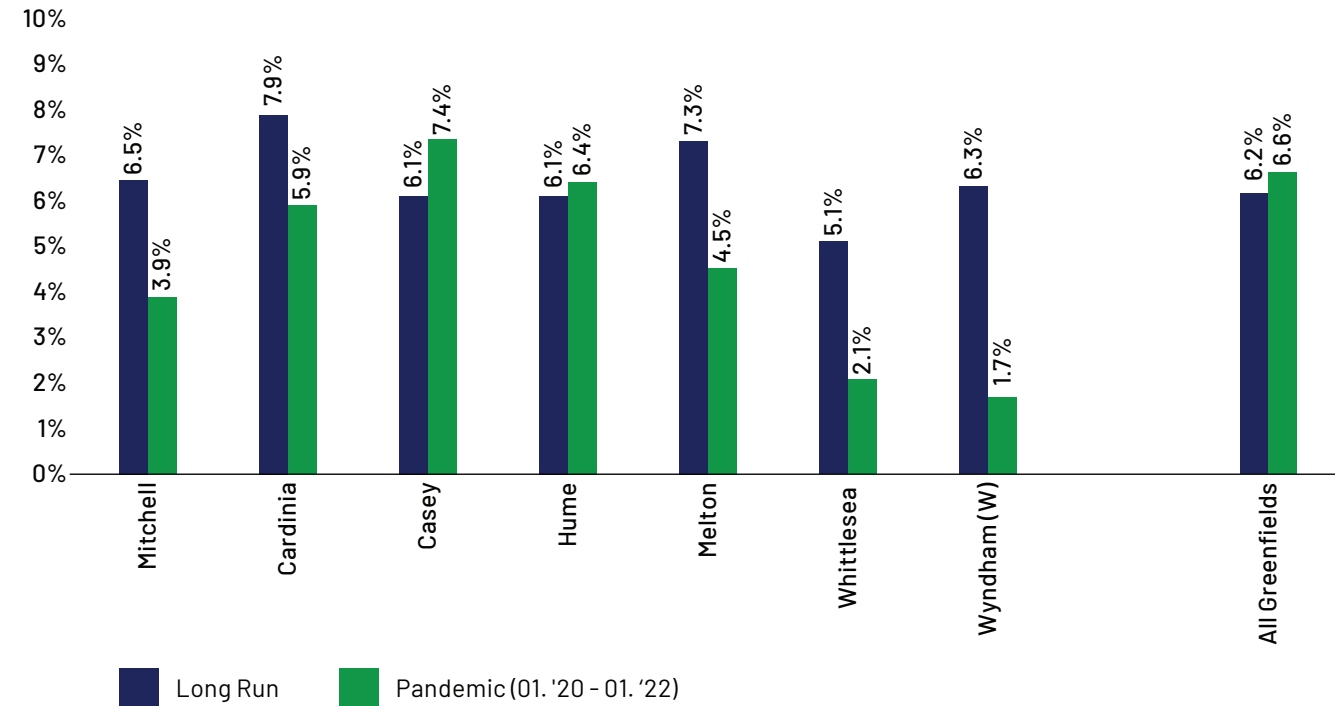
During Victoria’s biggest greenfield and boom, the PSP approval process has ground to a halt.



Graph supplied by Wingate August 2024

Between 2011-14, around 164,000 lots were added to the pipeline, an average of around 19,400. While, between 2015-23, only 152,000 lots were approved (an average of only c.15,200 per annum).

The growing imbalance between demand and supply has, in part, pushed the median greenfield land price up to around \$400,000 per lot or around \$1,150 per square metre. Since 2011, the greenfield land price has almost doubled, growth of around more than 6.2% per annum.



Graph supplied by Wingate August 2024

2 Urbis Report, ‘Greater Melbourne and Geelong Residential Supply Research,’ November 2022.

A Plan for Melbourne’s Central City

The Property Council recognises the ongoing importance of enhancing and promoting Melbourne’s CBD as a vibrant economic, cultural, and entertainment hub for Victorians, as well as for interstate and international visitors and businesses. A key factor in achieving this activation is improving the accessibility and appeal of the Hoddle Grid for pedestrians. Enhancing street experiences, including outdoor dining opportunities, streetscape improvements, and facilitating seamless transit between key precincts within the CBD, is crucial.

As we prepare to accommodate an anticipated population of 10 million across the greater metropolitan

area by 2050, it is imperative that the Plan includes strategies to support Melbourne’s growth. This includes enhancing infrastructure, public spaces, and amenities to ensure the CBD continues to thrive as a dynamic and attractive destination for residents and visitors, while ensuring conditions are suitable for ongoing business growth and development, including access for commercial vehicles such as delivery vans, third party logistics providers, couriers, taxis and rideshare services. Achieving a balance between reducing car usage to alleviate congestion and ensuring that all stakeholders, regardless of their needs, can access the CBD efficiently is essential.



Supporting Adaptive Reuse Opportunities

Sub-prime office assets in Victoria face many challenges, particularly after changes post COVID-19 that have shifted office space preferences. Many employers have upgraded to premium office spaces to encourage in-person attendance, leading to the underutilisation of B and C grade office buildings. As of August 2024, Melbourne’s office vacancy rate is the highest of all major Australian cities, with vacancy largely concentrated within older buildings. The discussion around sub-prime (B and lower) office

buildings presents an opportunity to increase housing supply while enabling asset owners to adapt to current market demands. This approach could revitalise the CBD by boosting activity, supporting local businesses, and providing housing in precincts already served by existing infrastructure. It also addresses the need for more key worker housing in established areas. The Property Council recommends the plan consider the following strategies:

- 01 Establish a dedicated assessment stream for adaptive reuse developments by the State.
- 02 Create incentives for the industry to convert office spaces into residential units, modelled on successful initiatives in New York, such as tax holidays for residential conversion projects and commercial residential projects.
- 03 Review the Better Apartment Design Standards, specifically tailored for adaptive reuse, focusing on:
 - Standard D6: Energy Efficiency
 - Standard D27: Room Depth
 - Standard B28: Windows
 - Standard B29: Natural Ventilation



Growing the Industrial Sector

The commercial activity generated within and around the industrial assets of our members is a cornerstone of Victoria’s economic prosperity. The manufacturing, freight, and logistics sectors have long served as major employers and essential contributors to the economic vitality of Victorian communities. These sectors are not only crucial in driving economic output but also in supporting the livelihoods of thousands of Victorians. As we look towards 2030 and beyond, the role of industrial property in facilitating this economic engagement becomes even more pivotal.

Strategic development of industrial properties will be fundamental in ensuring sustained economic growth, bolstering supply chain resilience, and fostering sustainable operations across the state. By focusing on the creation of large-scale, future-proofed employment opportunities, Victoria can secure its position as the leading economic hub of the nation. The importance of industrial property in this equation cannot be overstated—it is the backbone that will support the next wave of economic innovation and job creation, ensuring that Victoria remains competitive and robust in an increasingly complex global market.



Industrial Land Supply

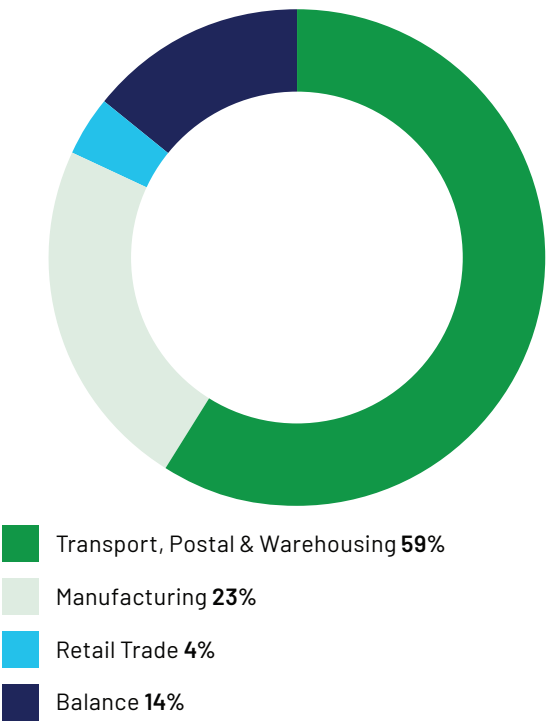
Over its contemporary history, Victoria has long benefited from an abundance of relatively affordable, flat, and accessible industrially zoned land, which has positioned Melbourne as the industrial centre of Australia and a critical node in the national freight network. Unlike Sydney, which faces significant geographical constraints, Melbourne’s expansive industrial land has been a cornerstone of its economic strength. However, in the last decade, and especially during and after the COVID-19 pandemic, the scarcity of industrial land in Melbourne has begun to challenge the broader economy and the sustainability of the industrial growth in Victoria.

As industrial land becomes increasingly scarce, the cost of available land rises sharply, driven by the surge in demand for large-scale, built-form projects. These escalating costs translate into higher operational expenses for businesses, which can ripple through the supply chain, leading to increased prices for goods and services. The inability to secure appropriately scaled land at strategic locations hampers businesses’ capacity to meet demand efficiently, undermining economic growth and threatening Melbourne’s competitive advantage as a logistics and manufacturing hub.

The risk of losing Melbourne’s status as a central node in the national and international supply chain is real, as high land prices and limited availability may deter investment, stifling job creation and economic development. Businesses, both domestic and international, might seek more favourable conditions elsewhere, weakening Victoria’s economic position and future State Government revenue. Strategic freight hubs and intermodal terminals, such as those at Beveridge and Truganina, are at risk of not reaching their full potential, which could hinder the state’s capacity to handle increasing freight volumes driven by long-term population growth.

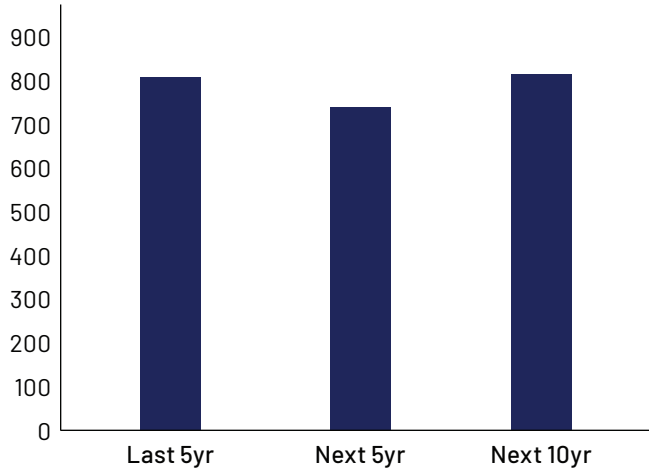
To avert these risks, it is critical that the government takes proactive steps to ensure the timely release and zoning of industrial and employment land. Adequate, well-located, and appropriately zoned land is essential for supporting industrial development and meeting the growing demands of the freight and logistics sectors. Delays in land supply can result in congestion, bottlenecks, and disrupted supply chains, threatening the reliability of the Victorian Freight Network. Strategic planning and preservation of industrial land are crucial to maintaining Victoria’s economic growth and competitiveness.

Melbourne Take-Up 1Q24 by Industry Sector (Top 3 Sectors)



Source: CBRE Research

Average net absorption



Source: Oxford Economics
Horizon start: June 2023



Fit for Purpose Planning

The current process for unlocking industrial land has become overly complex and burdensome, creating unnecessary delays and challenges. There is a clear opportunity to plan smarter and more efficiently. The Victorian Government should explore alternative approaches to Employment Precinct Structure Plans (PSPs). These plans should prioritise managing interface issues, ensuring access to precincts at a regional level, addressing cultural heritage comprehensively, and effectively managing water flow.

Employment PSPs should continue to address ecological considerations through the MSA program. Road networks within new precincts should be handled through ICPs or DCPs, rather than being tied to PSPs. While the regional road network must be strategically planned, greater flexibility is needed for more localised networks.

Employment PSPs should not include overly prescriptive requirements, such as kangaroo management plans, public open space, built form directives, and specific land use outcomes, except where sensitive interfaces like residential areas are involved.

To unlock land within realistic timeframes, we must adopt a more streamlined and responsive planning approach. An Employment Statement, similar to the Housing Statement, is necessary to establish appropriate land supply targets, confirm infrastructure delivery, identify and address constraints and create an industry engagement body with Ministerial interaction. Additionally, historical tools such as the Urban Development Program (UDP) data set require re-evaluation to ensure they meet the current needs of the industry.



Future Proofing Freight

The freight network’s efficiency hinges on the strategic development of hubs and corridors that facilitate the smooth movement of goods across the state and nation. Key freight nodes such as Beveridge and Truganina are central to this network, and their ability to handle increasing volumes will be essential as Victoria’s population and economic activities expand. Ensuring these and other hubs reach their full potential is critical to safeguarding Victoria’s position as a logistics leader.

Without adequate investment and timely development, there is a significant risk that critical freight corridors may not be able to meet the future demands placed upon them. This would not only hinder the movement of goods within Victoria but could also disrupt the broader national and international supply chains that rely on Melbourne as a central node. The resilience and capacity of the freight network must therefore be bolstered through targeted infrastructure investments and strategic planning.

To enhance the freight network’s capacity and efficiency, Victoria must prioritise the integration of advanced technologies and sustainable practices. Investments in green fleet options, energy-efficient technologies, and automated processes can significantly reduce operational costs and environmental impact, while also improving the overall performance of the network. Additionally, promoting data sharing and interoperability across jurisdictions will be crucial for improving supply chain visibility and resilience. Enhanced data integration will allow for better tracking and coordination, reducing disruptions and ensuring that the freight network can adapt to changing demands.

Ultimately, the success of Victoria’s freight network will depend on proactive government measures to streamline regulatory processes, invest in critical infrastructure, and promote technological innovation. By focusing on these areas, the Victorian Government can ensure that the freight network remains robust, efficient, and capable of supporting the state’s economic growth well into the future.



Removing other Barriers to the Industrial Sector’s Growth

While not a planning issue, the industrial sector’s capacity for further growth and to entrench our competitive advantage over a longer time horizon was jeopardised by the government’s decision in the 2023-24 Budget to double the rate of absentee owner surcharge from 2 to 4 per cent.

Funding for industrial and logistics projects comes from a range of diverse sources, including foreign capital. The absentee owner surcharge increase puts Victoria

at an active competitive disadvantage compared to other states for future job-creating and economy-boosting projects.

Further taxation and revenue reforms including infrastructure contributions changes should carefully consider the potential impact on the future of industrial development, and our need to ensure we boost our competitive advantage.



Pillar 03
Sustainable
Environments
and Climate
Action



Pillar 3: Sustainable Environments and Climate Action

Every Building Counts

Buildings in Australia currently contribute to over 50 per cent of electricity consumption and nearly a quarter of emissions. Decarbonising buildings is critical for achieving Australia’s emission reduction targets and driving progress across other challenging sectors. While the government has demonstrated leadership in energy policy, there are opportunities to prioritise key actions:

- Launching Victoria’s inaugural building retrofits strategy, with a focus on older commercial properties, supported by financial and planning incentives for upgrades.
- Introducing incentives through planning reforms, including density bonuses for new medium-

rise residential projects and height bonuses for commercial developments that exceed current energy and sustainability standards.

- Establishing a long-term taxation incentive program, particularly targeting high-performing buildings, with a focus on land tax to encourage sustainable building practices.
- Collaborating with local governments to finalise a comprehensive suite of incentives aimed at promoting adaptive reuse projects, thereby maximising the use of existing built environments.



Technical Challenges

Currently, there are 79 councils across Victoria, 44 councils which are part of the Council Alliance for a Sustainable Built Environment (CASBE), each enforcing varying planning requirements for new buildings. This lack of uniformity poses challenges for members seeking certainty across local government areas. The plan must outline a strategy for achieving consistent built environment standards statewide, supported by adequate resources for implementation.

We believe that consideration should be given to mandating a Built Environment Sustainability Scorecard (BESS) across all councils and sites exceeding 100sqm for non-residential, class 2, and 1b, following Inner Melbourne Action Plan guidelines.

Government to be the Leaders

The government must enact policies and programs that provide certainty to industry and drive the transition to zero-carbon-ready homes and buildings. Key actions include:

- Implementing trusted building rating systems like Green Star and National Australian Built Environment Rating System (NABERS) in all new government projects and existing accommodations.
- Supporting low-income and vulnerable households with targeted assistance and tools for energy efficiency.

- Educating consumers on residential energy efficiency and electrification.
- Establishing an online platform for statewide sustainability requirements.
- Implementing consistent planning pathways to foster innovation and emissions reduction.
- Utilising government procurement to enhance workforce skills in energy efficiency and electrification.
- Reviewing and updating the stormwater assessment tool to improve functionality.

Ensuring Climate Resilience

Melbourne is growing at a significantly faster pace than other capital cities, with Melbourne’s population predicted to grow to 8.5 million by 2030.

According to the City of Melbourne’s submission on the Victorian Inquiry into Climate Resilience⁵, the City of Melbourne faces four main climate change risks:

- Insufficient water supply impacting on the health and maintenance of green infrastructure
- Inundation from flooding, storm surge, sea level rise and flash flooding causing risk to life, property and infrastructure (including transport)
- Extreme heat and heatwave impacts to health, transport and communications infrastructure and electricity demand
- Storm events affecting emergency services, damaging buildings and assets, causing delays in transportation and interrupting economic activities to be prepared for these risks the government must consider several recommendations, including:
- Collaborative structures and programs that are supported by long term funding;
- Undertaking an assessment of our infrastructure networks to understand the extent of interdependence and at-risk systems in the event of a climate disaster; and
- Policy reform to support urban planning and flood mapping;



⁵ Victorian Inquiry into Climate Resilience City of Melbourne Submission April 2024

Pillar 04
Equity and
Jobs



Pillar 4: Equity and Jobs

Policy Reform

In recent years, the government has introduced several new taxes and changes, including the windfall gains tax on eligible rezonings and the 10-year COVID debt levy on land tax.

A prolonged high-tax environment risks reducing investment in the property market from both local and foreign investors. Facilitating smoother cohesion between planning and taxation policy should be an

action to come out of the finalisation of Plan for Victoria and the statewide strategies needed to support good urban growth.

To make the property market more accessible to a broader range of individuals, we propose the following measures and seek close collaboration with the government to ensure the taxation system better supports housing supply:

- 01 Evaluate every new economic policy directly for its potential impact on housing supply and affordability.
- 02 Expand the current regime of off-the-plan concessions, in line with our recommendations in this submission, to support pre-sales and the feasibility of the apartment pipeline, aligning with the government's 70/30 aspirations.
- 03 In partnership with the industry, establish a timeline for comprehensive reform of the state's infrastructure contributions system, guided by the Auditor-General's 2020 report, Managing Developer Contributions. This reform aims to enhance transparency, accountability, and direct contributions to areas of greatest need.
- 04 Conduct a thorough review of the windfall gains tax to assess its impact on both council-led and developer-led rezonings and the affordability of new dwellings, along with industrial and logistics facilities, in relevant sites.
- 05 Commit to a comprehensive property tax review to explore alternatives to increasing reliance on property transaction taxes, focusing on methods that minimize the impact on housing affordability while efficiently raising tax revenue.

Investing in the Victorian Affordable Housing Market

The Property Council commissioned The APP Group in 2023 to undertake research titled '**Unlocking Affordable Housing in Victoria**'⁶ to explore solutions that facilitate increased supply of affordable housing in the state. The objective of the research is to eliminate barriers to institutional investment, allowing the private sector to play a larger role in creating more affordable housing units. This is crucial given the current fiscal constraints of the government.

Currently, domestic investors typically expect internal rates of return (IRR) ranging from 8 per cent to 10 per cent. These expectations are on the rise due to

increasing interest rates and capital costs both locally and internationally, with a prevailing sentiment for a minimum IRR of 12 per cent.

Without assistance, many projects fail to meet these return thresholds, making them unattractive for private capital. To attract investment in permanent affordable rental housing, government support is essential.

The report suggests several mechanisms, including rental subsidies, tax reductions (such as eliminating land tax), and capital grants. These mechanisms have been evaluated in APP's analysis, considering their cost-effectiveness per dwelling constructed.



6 Unlocking Affordable Housing. APP Group August 2023

Support for Homebuyers and the Residential Industry

Consumer confidence in Victoria’s homebuying sector continues to sit under the national average due to economic pressures and challenges in the building and construction sector. This has resulted in lower home buying confidence compared to other states and territories.

While focusing on supply measures is crucial, continuing demand stimulus in the short term is necessary to bolster confidence recovery. Current market stimuli, such as First Homeowner Grants (FHOGs) rightly target the affordable housing market segment. With the government’s emphasis on rebalancing growth towards established Melbourne and promoting greater density, there is an opportunity to extend incentives to inner-urban areas that support all segments of the housing market.

The current taxation environment risks making Victoria less competitive for crucial new investments. Reactivating off-the-plan (OTP) concessions should be a priority to support the build-to-sell apartment pipeline.

Currently, OTP concessions are restricted to buyers eligible for Principal Place of Residence (PPR) concessions or First Home Buyer Duty exemptions or concessions.

According to Charter Keck Cramer’s bi-annual apartment market update⁷, apartment commencements have dropped significantly from nearly 20,000 annually in 2016-17 to less than 5,000 in 2022-23, coinciding with tighter eligibility criteria for these concessions. The thresholds for PPR and first home buyer concessions have not kept pace with current market conditions.

To stimulate apartment commencements, reinstating more robust OTP duty concessions with minimal investor market restrictions is crucial. The proposed model expands OTP concessions to more transactions and includes purchases of completed apartments/ townhouses by first home buyers. It removes the requirement for the property to be the purchaser’s primary residence or qualify for other buyer concessions, ensuring accessibility across the market.



7 Melbourne Apartment Market Update & Outlook- (charterkc.com.au)

Proposed Model

- The current OTP concession should be expanded to be made available for more OTP transactions as well as first homebuyer purchases of completed apartments/ townhouses.
- There would be no requirement for it to be the purchaser’s primary place of residence or to qualify for First Home Buyer Duty Exemption/Concession, so open to all.
- No stamp duty payable on transactions up to a dutiable value of \$1 million to reflect increased development costs and incentivise purchases of larger dwellings suitable for families.
- A 50 per cent stamp duty discount on transactions up to a dutiable value of \$1.5 million.
- The transaction would need to be the first purchase of the property or nomination, so could be available to both OTP or completed vacant stock, and could not be an established re-sale, ensuring the policy would be specifically prioritising new housing.
- Available to both owner-occupiers and local investors to ease pressure in the rental market.
- Retrospective application to mitigate contract cancellation risks.
- **Rightsizer initiatives:** Addressing housing supply involves not only constructing new homes but also utilising existing stock. A significant barrier to making homes available for first home buyers is the lack of incentives for existing homeowners to sell, primarily due to stamp duty costs on subsequent purchases. Exempting homeowners over 60 years old from paying stamp duty on their final home purchase would incentivise downsizing (rightsizing) and free up larger family homes, optimising existing housing resources. This initiative supports older homeowners in transitioning to more suitable accommodation while alleviating housing shortages. Under this proposal, the stamp duty exemption would be a one-time benefit. Should the buyer repurchase, stamp duty would apply to the subsequent transaction. This strategic exemption encourages smoother transitions for older homeowners and indirectly enhances housing affordability by making larger homes available for families needing more space. Moreover, this policy promotes efficiency in the housing market by aligning incentives for older homeowners with the needs of prospective buyers, fostering community integration, and improving availability of appropriately sized residences across demographics. By facilitating rightsizing among older homeowners, this initiative contributes to a more balanced and responsive housing landscape.

The Role of Purpose Built Student Accommodation (PBSA)

PBSA is an accommodation facility specifically designed and built to accommodate students attending university or other forms of tertiary education. Melbourne is home to Australia’s largest PBSA sector, with more than 60 buildings in the City of Melbourne providing over 27,000 beds for students.

This is a ratio of 17 students for every PBSA bed in the state, which is marginally better than the national average of 19 but still represents an acute shortage of supply.

The growth of the PBSA is critical and has been identified by the Australian Government as an asset-class of priority to house the international and domestic student market. Not only does PBSA take students out of the broader residential rental market, but it also provides a safe, managed community for residents who may be new to the country and living independently for the first time.

The two main types of PBSA include:

- 01

Private sector PBSA - Independent Style Student Studios and Apartments: Usually in higher density apartment developments located near campuses or in the Melbourne CBD. They offer a range of product types from studios to five-bedroom apartments which are mostly self-contained. Buildings are staffed 24/7, are designed with large communal spaces and floors to encourage socialisation and are very popular with international students, with 74 per cent of all private PBSA are tenanted to international students.
- 02

University Owned Residence Halls and Colleges: Typically located on or close to the university campus and are either owned by or affiliated with the university. Accommodation is mainly dormitory style with shared bathrooms, kitchen/ catering, and laundry facilities. Over 90 per cent of students housed in these facilities are domestic students.

PBSA provides a custom-built and fit-for-purpose accommodation option for domestic and international students studying in Australian cities, which is developed, owned and operated by the private sector.

Since the re-bound from the recent pandemic, the demand for PBSA beds in Victoria has been very strong. Initial bookings for the 2024 year show occupancy rates in Melbourne assets of around 90 per cent.

The broader rental market in Melbourne is still seeing vacancy rates hovering at around one per cent – meaning more students are turning to PBSA operators to secure housing than ever before, rather than competing in the over-heated residential market.

Given the current demands on the residential rental market in Victoria, any increase in PBSA buildings will reduce the pressure that international and domestic students are putting on residential rentals. We firmly



believe that Victoria needs to unlock more PBSA development to ensure that access to housing does not become a deciding factor for students looking at Victorian educational opportunities.

Because PBSA is accommodation reserved specifically for students, it provides confidence for young people considering a move to Australia that they will be able to find housing in Australia. A strong supply and availability of PBSA removes the barriers to decision making that might influence the destination of choice for international students.

Despite also being a ‘for rent’ building type, PBSA is at a significant disadvantage when compared to build-to-rent, which receives a 50 per cent reduction in land tax and no Absentee Owner Surcharge under plans to try and incentivise growth of this asset class. Considering

both building types add significant housing stock to the rental market at a time of great need, it makes sense to even the playing field by giving BTR and PBSA the same tax treatments to grow both these asset classes.

The future of Melbourne as a study destination hinges upon the growth of PBSA as an asset class. Strategic locations within the CBD should be identified and unlocked as future student accommodation precincts, unlocking under-utilised low grade office sites in favour of higher density, vibrant student communities. Similarly, strategic locations along the Suburban Rail Loop and close to university campuses should also be identified as being ripe for PBSA projects and uplift.

Given the large amount of housing that can be unlocked within a single PBSA development, planning approvals should be expedited for large scale developments.

The Plan for Victoria should Recommend:

- 01

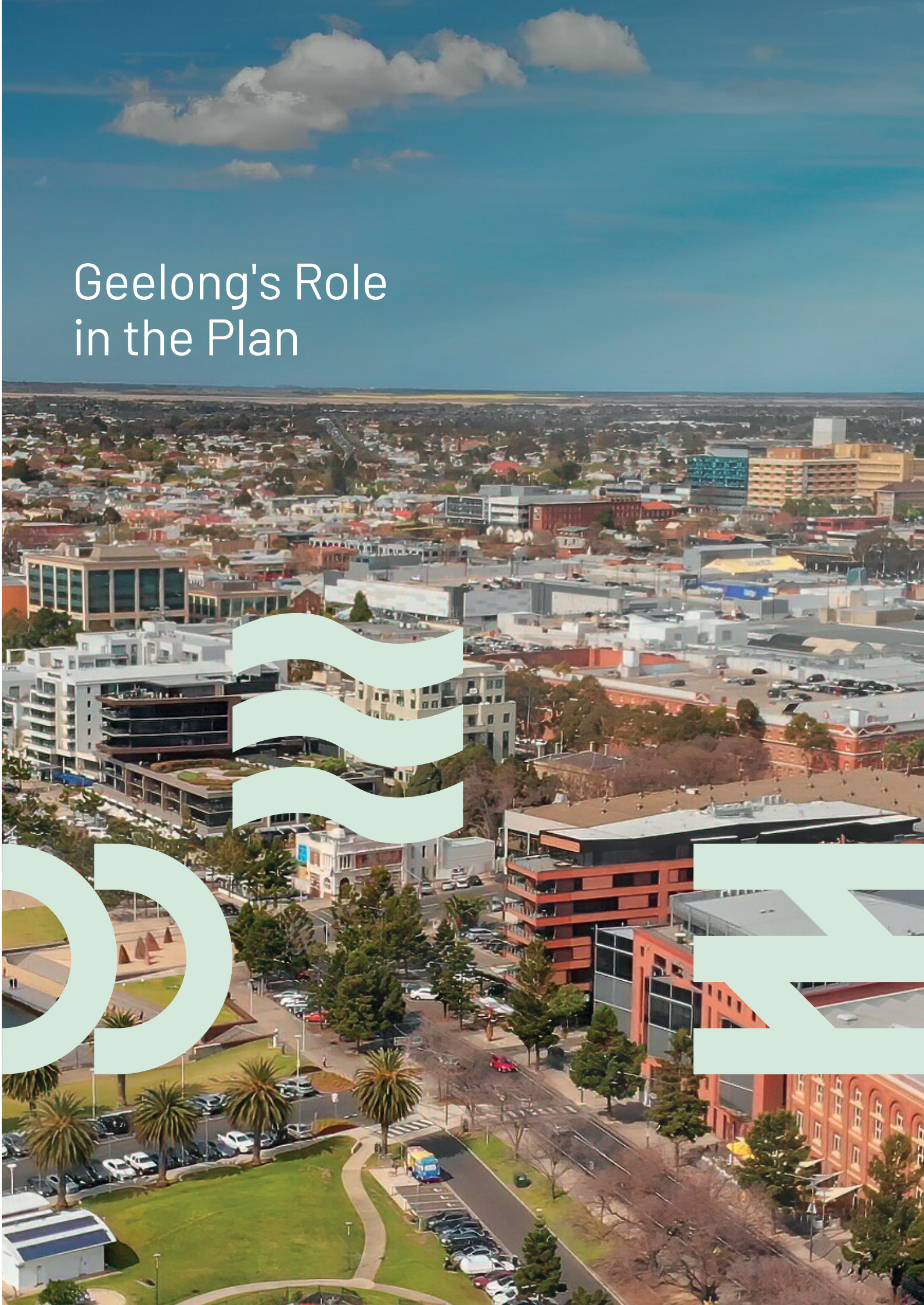
That state and local governments provide accelerated development pathways for PBSA housing to increase the supply of new housing into the private rental market. This includes the opportunity to be assessed through a Ministerial assessment pathway by recognising PBSA as significant economic development.
- 02

That the government identify PBSA as an asset class of ‘priority’ and align the financial treatment of PBSA with that received by BTR, recognising that both asset classes help to alleviate the rental housing shortage in Australia.
- 03

That the government exempt private PBSA developments from the absentee owner surcharge.



Geelong's Role
in the Plan



A Vision for Geelong

Victoria’s new blueprint, Plan for Victoria, is designed to shape the state’s future over the coming decades by focusing on creating more homes near transport hubs, job opportunities, and essential services within vibrant, liveable, and sustainable neighbourhoods.

The plan provides a significant opportunity to formally designate Geelong as Victoria’s next major city. By adopting a decentralised, dual-city approach, Plan for Victoria will support the state’s future population demands and economic growth ambitions.

Elevating Geelong’s importance within this plan is crucial to capitalise on its booming population, economic growth, rich natural assets, and strategic location. Geelong should be distinguished from other regional cities and benefit from long-term planning that acknowledges its metropolitan scale.

Several factors support the idea of decentralising Victoria’s economic activities and highlight the benefits of this approach. Geelong’s proximity to Melbourne, strategic location along the Great Ocean Road, and access to major transportation routes all provide strong justification for its designation as Victoria’s second major city.



Guided by the Victorian Government’s housing targets for local government areas through 2051, “Plan for Victoria” positions Greater Geelong at the forefront among Victoria’s 79 local government areas. The draft housing targets indicate that Greater Geelong is:

- 2nd in existing housing
- 1st in new housing by 2051
- 1st in total housing by 2051
- 7th in total percentage increase in housing by 2051
- 1st in new population by 2051
- 1st in total population by 2051

The targets earmark Greater Geelong for an additional 139,000 homes by 2051, representing a 210 per cent increase from the existing 127,300 homes. This will result in a total of 267,100 homes, the highest statewide, with a projected population of approximately 570,000, also the highest statewide. The broader Geelong region is anticipated to grow to a population of 725,000, up from the current 400,000.

The Property Council has identified 15 key priorities for Geelong, reinforcing the importance and opportunities of formally designating Geelong as Victoria’s next major city.

Geelong in the Plan for Victoria

Geelong has historically been overlooked in statewide planning strategies, often categorised alongside other regional cities such as Bendigo, Ballarat, and Shepparton. This grouping has resulted in inadequate allocation of resources, funding, infrastructure, and housing, failing to keep pace with Geelong’s rapid demographic and economic expansion over the past decade. Consequently, the city has fallen significantly behind in meeting the needs of its burgeoning population and supporting its economic potential.

The COVID-19 pandemic has acted as a catalyst, accelerating Geelong’s population growth as many Melburnians have sought a more affordable and spacious alternative to Melbourne. This influx has underscored the urgent need for a comprehensive and tailored plan that addresses Geelong’s unique challenges and opportunities.

Looking ahead to 2051, Geelong’s projected growth in new homes is set to equal or exceed that of all other designated regional cities combined. Moreover, its population is anticipated to surpass the combined populations of Ballarat, Bendigo, Shepparton, and Warrnambool. Despite not being formally designated as a growth area council, Greater Geelong is on track to outpace even Melbourne’s growth area municipalities in terms of population and new housing developments.

Geelong’s strategic advantages are numerous and formidable. It boasts a prime geographical location, offering easy access to major transportation routes, including the Great Ocean Road, and proximity to Melbourne. The region is endowed with fertile land suitable for both residential and commercial development, substantial opportunities for urban infill within established precincts such as Central Geelong, South Geelong, and Pakington Street, and expansive growth areas like Armstrong Creek, Lara, and Avalon.

The city’s infrastructure and amenities are also noteworthy, with a vibrant city centre, access to the picturesque waterfront, and a nearby international airport at Avalon. Geelong is also home to significant cultural and sporting assets, including major institutions like the Geelong Gallery and GMHBA Stadium, which contribute to its cultural vibrancy and appeal.

To ensure Geelong’s continued success and to fully harness its potential as Victoria’s second major city, Plan for Victoria must urgently recognise and prioritise Geelong’s specific needs. This includes substantial investment in major projects and initiatives to



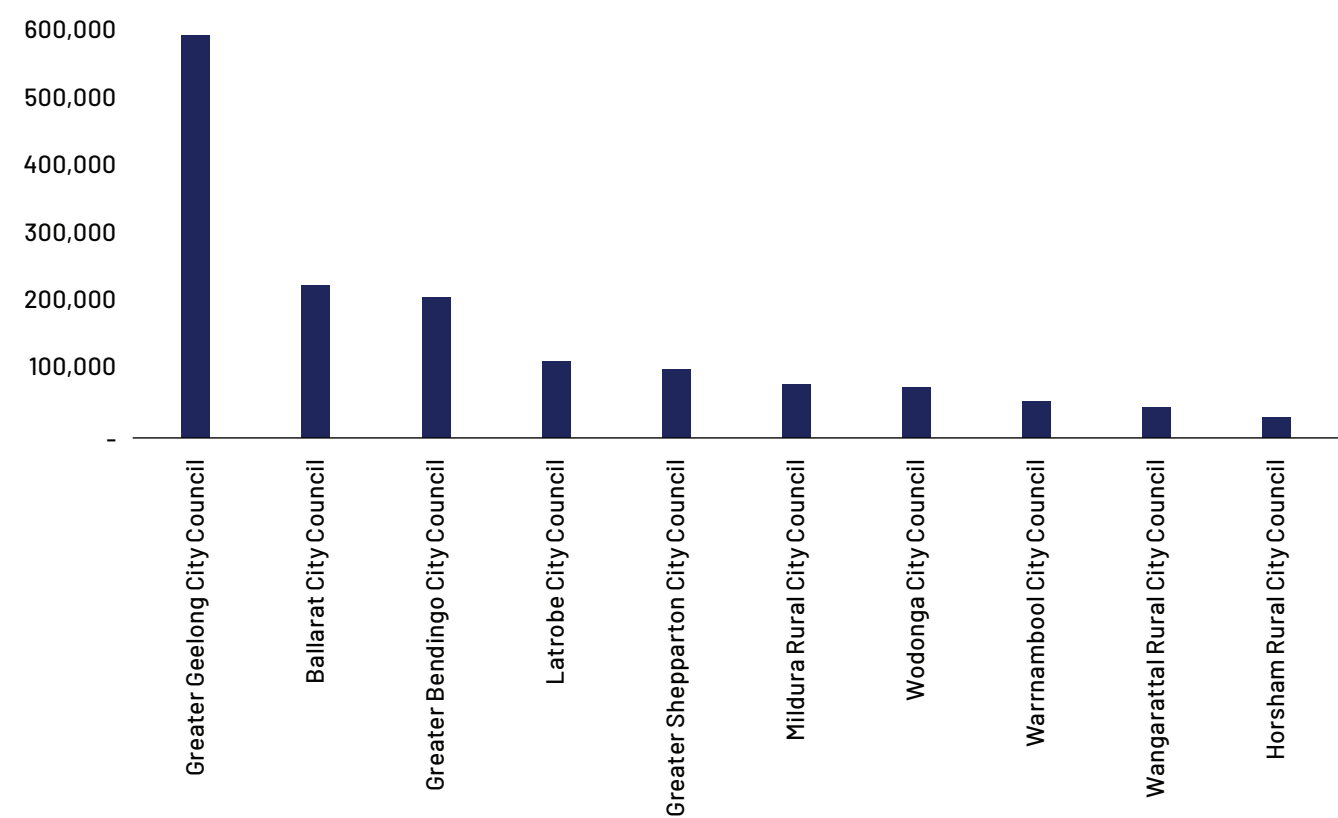
enhance liveability, support sustainable growth, and bolster economic resilience. Critical to this effort is the establishment of comprehensive infrastructure frameworks that not only accommodate current demands but also anticipate future growth pressures.

Moreover, Geelong’s designation as Victoria’s next major city is not merely symbolic but practical, offering a strategic opportunity to alleviate pressures on Melbourne while fostering regional economic development and job creation. By shifting from viewing Geelong as just another regional town to acknowledging

its status as Melbourne’s sister city, Victoria can pave the way for a more balanced and resilient statewide economic landscape.

Geelong stands at a pivotal juncture in its development trajectory. The decisions made now through Plan for Victoria will shape its future for decades to come, determining whether it can fully realise its potential as a dynamic and thriving urban centre. Embracing this vision and investing in Geelong’s growth is not just prudent but essential for Victoria’s overall prosperity and wellbeing.

Total population of Victoria’s regional cities in 2051



Priorities for Geelong

A list of priority projects for Geelong has been identified to inform Plan for Victoria. These priorities focus on the future urban development of Geelong, revitalising Central Geelong, and delivering a high-quality transport network for the city.

The priorities can be summarised as follows:

<div>01</div> <div>Urban Development in Greater Geelong</div> <div><ul style="list-style-type: none">Establishing an urban growth boundaryPrioritising urban infill (precincts and town centres)Delivering new communities (growth area planning)Planning for future employmentProviding water to urban areas</div>	<div>02</div> <div>Central Geelong</div> <div><ul style="list-style-type: none">Streamlining development approvals in Central GeelongRedeveloping Geelong StationSupporting Geelong’s Arts and Culture precinctInvesting in Geelong WaterfrontImproving Central Geelong’s streetscapes</div>	<div>03</div> <div>Transport for Geelong</div> <div><ul style="list-style-type: none">Intra-regional rail network for GeelongIntegrated transport strategy for GeelongDelivering Avalon StationDelivering Torquay transit corridorCompleting the Geelong Ring Road (Bellarine Link)</div>
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These priorities aim to ensure that Geelong’s development is well-planned, sustainable, and capable of supporting the city’s anticipated growth and liveability.

Urban Development in Greater Geelong

Establishing an Urban Growth Boundary

The Greater Geelong Settlement Strategy, adopted on 25 August 2020, incorporates long-term settlement boundaries around the Bellarine Peninsula, urban Geelong, Armstrong Creek, Lara, and the Northern and Western Growth Areas. Permanent urban settlement boundaries have been applied to the Bellarine Peninsula and Surf Coast as Statements of Planning Policy for distinctive areas and landscapes, limiting future urban expansion in these areas. The City of Greater Geelong is now pursuing a long-term settlement boundary to provide clear guidance for the future development of urban Geelong.

The purpose of the Urban Growth Boundary (UGB) is to direct urban growth to areas best able to be supplied with appropriate infrastructure and services and protect valuable peri-urban land and environmental features from urban development pressures. We support the application of a UGB that includes new areas of urban growth and provides planning support for potential growth locations throughout Geelong, including Armstrong Creek, Waurn Ponds, Mount Duneed, Lara, Avalon, Moolap, and Point Henry.

Prioritising Urban Infill (Precincts and Town Centres)

Urban infill currently accounts for less than 25 per cent of Geelong’s annual supply of new housing. To meet a realistic target of a 50/50 split between new housing provided by urban infill and new communities (greenfield), urban infill needs to be prioritised. Key precincts for infill housing include Central Geelong, South Geelong, North Geelong, Pakington Street, Lara, and Waurn Ponds. These locations need planning controls that deliver significant urban density increases via planning scheme amendments to introduce urban design frameworks.

We support the identification of precincts for urban consolidation, consisting of train station precincts and town centres throughout Greater Geelong and the Surf Coast, including the town centres of coastal townships. Changes to the planning authority and approvals processes are needed to deliver these outcomes promptly.

Delivering New Communities (Growth Area Planning)

The Geelong region has a substantial program of growth area planning, including Armstrong Creek, Northern and Western Geelong Growth Areas, and Bannockburn Urban Growth Area, as well as smaller growth area precincts. The Greater Geelong Settlement Strategy outlines a target to deliver a 50/50 split between new housing provided by urban infill and new communities (greenfield). Continuing the delivery of precinct structure plans throughout Greater Geelong and the broader region is essential to meeting future housing supply needs, and we support the timely delivery of PSPs to meet this demand.



Planning for Future Employment

Geelong boasts a diverse economy encompassing manufacturing, education, healthcare, and tourism sectors. Its strategic location near the Port of Geelong, one of Australia’s largest seaports, and Avalon Airport positions it as a crucial gateway for trade and investment. Designating Geelong as a second capital city could stimulate economic growth and attract new businesses, enhancing the overall prosperity of Victoria. Currently, the City of Greater Geelong does not have an employment strategy, and we submit this as a priority to stimulate and attract new businesses to the region.

Providing Water to Urban Areas

Barwon Water has an ambitious goal of 100 percent beneficial use of recycled water. By 2070, the volume of recycled water available for beneficial use in the Barwon region could increase to about 40 GL per year. This presents a significant challenge and opportunity to achieve positive outcomes for the regional economy and provide for environmental and cultural needs. Barwon Water is developing a concept for a Large-Scale Alternative Water Grid, including an alternative water grid in the Surf Coast Hinterland, strategically located to pass through high-potential areas for beneficial water use. The concept will link and enhance several local integrated water management (IWM) initiatives currently in progress in the region, including in the growth areas of northern and western Geelong. Accessibility to water will be essential to support Geelong’s significant future growth.



Central Geelong

Streamlining Development Approvals in Central Geelong

The Central Geelong Framework Plan sets a clear vision for the next 30 years, aiming to support 60,000 jobs and 16,000 residents in Geelong's city centre by 2050, further reinforcing the opportunity to designate Geelong as Victoria's next major city. Despite this vision, planning permit applications in Central Geelong can undergo a lengthy and uncertain process. We believe a specialised 'development concierge' service within DTP is needed to provide rapid initial planning guidance to prospective investors/developers and actively facilitate planning permit applications using dedicated resources and referral authorities.

We support the concept of a 'development concierge' service to stimulate investment and fast-track development in Central Geelong. A 'one-stop shop' mechanism should assess development proposals with an intimate understanding of the region and key policies, a knowledge of the city's design and sustainability aspirations, and an appreciation of the importance of Central Geelong's rapid development. Central Geelong is an important employment hub for the region, with major public and private enterprises choosing it as a base of operation, particularly in the health, medical, and education sectors.

Redeveloping Geelong Station

Geelong Station, the city's entry point for commuters and visitors, is currently an unsafe and underdeveloped location in need of substantial investment. We support the redevelopment of Geelong Station and the surrounding landholdings on both sides of the rail line, including the existing law courts, police station, and car parks. This site is ideal for comprehensive redevelopment that contributes to transit-oriented development, bridges Central Geelong and Geelong West, and creates an attractive entry point to Central Geelong. Ongoing investment and improvements to

Geelong Station, including upgrading the Geelong Line, will improve residents' quality of life and accommodate the city's significant population growth.

Supporting Geelong's Arts and Culture Precinct

Geelong has a vibrant cultural scene with museums, galleries, theatres, and festivals celebrating its heritage and diversity. Establishing Geelong as a second capital city would amplify its cultural significance, attracting artists, performers, and creatives from across the state and beyond, enriching Victoria's cultural landscape. The Geelong Gallery contributed \$7.72 million to the local economy in 2021-2022, and its redevelopment will further boost the economy and highlight Geelong's vibrant cultural scene. We support the redevelopment of the Geelong Gallery to improve Geelong's arts and culture precinct and enable the creative arts industry to centre around the Geelong Arts Centre, Geelong Gallery, Geelong Library, Geelong Convention and Exhibition Centre, The Gordon, and Deakin University.



Investing in Geelong Waterfront

Central Geelong is Australia's only north-facing waterfront central city. The Geelong Waterfront is a significant regional attraction and public space, hosting major events and hospitality. While the waterfront has received substantial investment over the past 30 years, new investment is needed to revitalise its appeal. The City of Greater Geelong has begun master planning the Geelong Waterfront, focusing on incremental and small-scale improvements. We support a comprehensive master planning process that earmarks significant investment to deliver a world-class destination that supports Central Geelong's revitalisation and expands the visitor economy.

Improving Central Geelong's Streetscapes

The Central Geelong Framework Plan outlines significant transformation of Central Geelong's grid-based street network. Some improvements, such as the Malop Street Green Spine and the Little Malop Street Laneways Precinct, have been completed. We support the comprehensive redevelopment of the Central Geelong street network to improve the public realm and increase participation in active transport, retail, hospitality, and the night-time economy. We endorse major investment in designing and delivering new streetscapes, prioritising Moorabool Street, Little Malop Street (west), Gheringhap Street, and the minor street networks near Geelong Station and the arts and culture precinct.



Transport for Geelong

Intra-Regional Rail Network for Geelong

Geelong has traditionally been linked to rail projects aiming to improve the speed and connectivity of public transport services between Geelong and Melbourne. Geelong's significant recent and future growth supports rethinking public transport needs to make Central Geelong the focal point in network planning. Enhancing linear public transport movements on an improved Geelong regional rail network will advance regional Victorians' access to Geelong's health, education, and employment centres and allow for better service frequencies. We support creating an intra-regional rail network centred on Geelong Station, providing shuttle services between Avalon and Winchelsea (or Lara and Wairn Ponds) with the capacity to avoid scheduling issues in the broader Victorian network.

Integrated Transport Strategy for Geelong

Geelong lacks an integrated transport strategy, and we support creating a standalone integrated transport strategy for the Geelong region that delivers the recommendations of the 2023 G21 Integrated Transport Strategy.

Avalon Station

Avalon Airport, a fully operational commercial airport servicing Geelong and Melbourne, currently has Lara station as its nearest train station, eight minutes away by road and serviced by V/Line Regional Services. We support delivering a railway station at Avalon Airport on the existing Melbourne to Geelong railway line, improving public transport connectivity from both Melbourne and Geelong.

Torquay Transit Corridor

The Torquay Transit Corridor is a planned link from Marshall Railway Station in Geelong's southern suburbs to Torquay. The corridor is proposed to run parallel

to the Surf Coast Highway and is intended as a high-quality transit service, either as a busway or light or heavy rail.

Bellarine Link

Upon construction, the Bellarine Link will provide a key road connection from the Geelong Ring Road (Bellarine Link) between Baanip Boulevard (Surf Coast Highway) and Barwon Heads Road. This connection will ease travel through Greater Geelong, reduce congestion, improve traffic flow on the local road network, and provide sustainable and inclusive transport options. The Bellarine Link will also divert heavy vehicle movements away from Central Geelong.

Geelong presents a compelling case for becoming Victoria's second capital city. From its economic vitality and cultural richness to its strategic importance and commitment to sustainability, Geelong embodies the values and aspirations of a modern metropolis. By embracing this vision and investing in its development, Victoria can unlock the city's full potential and pave the way for a brighter future for all its residents. Geelong stands ready to assume its rightful place as a dynamic and thriving capital city, contributing to the prosperity and well-being of Victoria as a whole.



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