

Legislative Assembly Environment and Planning Committee

Inquiry into the supply of homes in regional Victoria

Property Council of Australia submission

4 April 2025

Foreword

As a signatory to the Victorian Government's Housing Statement and key contributor to the recently released *Plan for Victoria*, the Property Council of Australia welcomes the opportunity to provide feedback to the Legislative Assembly Environment and Planning Committee's (the committee) *Inquiry into the supply of homes in regional Victoria* (the inquiry).

The Property Council's submission examines the significant barriers limiting housing supply across regional Victoria, with a particular focus on Geelong and other key regional centres. To address these challenges, we provide key recommendations in the following areas:

- Building, Development and Planning
- Infrastructure and Environmental Challenges
- Tax, Assets and Economic Policy Reform

We hope our submission informs the committee's recommendations for the Victorian Government (the government) that will help to unlock housing supply and improve affordability across regional Victoria.

About the Property Council of Australia

The Property Council is the leading advocate for Australia's property industry, an industry that accounts for 13 per cent (\$202.9 billion) of Australia's GDP, and the largest Australian employer, contributing to over 1.4 million employees.

In Victoria, property contributes \$58.1 billion to Gross State Product, making up to 12.1 per cent of the Victorian economy. It employs one in four working Victorians, employing more than 393,000 people directly and supporting more than 516,000 workers in related fields. It pays 62 per cent, or \$23.6 billion, in tax revenue, and generates approximately 29.8 per cent of wages and salaries paid to Victorian workers.¹

Our members develop, invest in, design, build and manage the places that matter most to Australians – our homes, shopping centres, office buildings, industrial areas, retirement villages, education, research and health precincts, tourism, and hospitality venues and more.

As the most significant sector in the state economy, Victoria's property industry offers the greatest potential for economic growth and social impact. The property industry develops our most liveable communities and builds sustainable homes for families of all shapes and sizes to live in. It creates world-leading precincts, redefines the way we work, and keeps the state moving through innovative logistics hubs and future-focused transport infrastructure.

The strength of Victoria's property industry will be crucial in the years ahead to ensure that our economy, cities, and communities grow and thrive, supporting our state's economic aspirations

¹ AEC Group, *Economic Significance of the Property Industry in the Victorian Economy* (2023).

as well as addressing the growing issue of housing availability and affordability. Victoria faces significant economic challenges and has the chance to capitalise on future-defining fiscal opportunities as it continues to emerge from the global pandemic.

Key to meeting these challenges and opportunities is ensuring that Victoria remains an attractive place to live and to do business. In an increasingly competitive national and international environment, Victoria must be prepared to kickstart a conversation about broad state taxation reform and the opportunities that will arise, to be proactively positioned for growth.

For more information or to ask any questions about our submission, please contact Policy and Communications Officer, Nathan McKenzie at nmckenzie@propertycouncil.com.au.



Cath Evans
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Key Recommendations

No.	Recommendation
1	Fast-track the delivery of PSPs in regional Victoria by enabling direct Ministerial intervention where appropriate, legislating an 18-month timeframe for the delivery of new PSPs, and prioritising PSP release in Geelong's growth corridors.
2	Local councils – including the City of Greater Geelong – must prioritise and fast-track the incorporation of Urban Development Frameworks (UDFs) into Planning Scheme Amendments, to enable housing delivery and meet growing demand.
3	Increase height limits in central Geelong, fast-tracking mixed-use precincts, and reassessing the proposed urban growth boundary to ensure it does not constrain housing affordability and supply.
4	Streamline housing approval and delivery and remove third-party appeal rights if a permit application meets the requirements of a UDF.
5	Promote and support housing diversity in regional Victoria by delivering a comprehensive infrastructure framework and avoiding rigid Urban Growth Boundaries that constrain development and affordability.
6	Streamline planning processes to accelerate housing delivery in regional Victoria by reducing red tape and referral authority delivery timeframes, ensuring regulatory requirements are practical, balancing community consultation with sound planning principles, and enforcing mandatory timeframes.
7	Expand the Regional Planning Hub's remit to allow all councils to access its resources on request, providing critical support to fast-track infill development and improve housing supply.
8	Expand the application of the Small Lot Housing Code to Geelong, Ballarat, and Bendigo, to facilitate key infill development on smaller lots in key regional growth areas.
9	Reform precinct delivery across Victoria including in the regions by streamlining processes, engaging the private sector early, and providing clear investment pathways. Establishing independent precinct delivery entities and a single-entry point for market-led proposals will accelerate housing supply in regional Victoria.
10	Establish a strategic framework to accelerate the adoption of prefabricated housing by providing financial incentives, investing in local manufacturing, and addressing industry barriers. This includes targeted grants or tax incentives, partnerships with major developers, and workforce initiatives to ensure a stable supply of skilled tradespeople.
11	Streamline and modernise Victoria's planning scheme amendment process by implementing clear statutory timeframes, reducing unnecessary delays, and improving transparency and accountability.

12	Establish clearer, more consistent design standards and strengthen support for design review processes. By providing objective guidelines and early -stage design advice, these reforms will reduce uncertainty, improve efficiency and facilitate better design outcomes across the planning system.
13	Prioritise transport and infrastructure investment to support Geelong's rapid population growth. This includes expanding public transport services, upgrading key road networks, and delivering new transport hubs to ensure Geelong remains an attractive and liveable city.
14	Urgently complete the Victorian Grassland Earless Dragon's environment assessment and establish clearer planning frameworks that allow conservation and development to coexist without unnecessary delays in future developments.
15	Urgently reform the Cultural Heritage Framework by mandating clear decision-making structures to eliminate bureaucracy, enforcing strict timeframes for processing CHMPs, standardising assessment protocols to provide certainty and fairness for stakeholders, and implementing upfront cultural heritage mapping to ensure viable land is not locked away unnecessarily.
16	Accelerate regional housing delivery by ensuring full transparency on fund allocation, construction progress, and delivery timelines. The government must implement public reporting on annual housing targets and streamline planning and approval processes to fast-track construction.
17	To unlock investment in long-term rental housing across regional Victoria, the government must formally recognise Built-to-Rent as a distinct asset class, establish a dedicated state-led planning pathway, and provide targeted tax incentives for regional BTR projects.
18	Establish a Special Economic Zone in central Geelong to provide tax relief to developers, promoting rapid growth and revitalising Victoria's second largest city.
19	To unlock critical housing supply and drive regional urban renewal, the government must abolish Windfall Gains Tax or introduce WGT exemptions for large-scale residential rezonings delivering 50 or more homes and for developments in key regional CBDs.
20	Introduce a Density Bonus Framework, targeted tax relief, and direct developer subsidies to incentivise and fast-track the delivery of affordable housing in regional Victoria.

Summary: Housing Supply in Victoria

In September 2023, the government released *Victoria's Housing Statement: The Decade Ahead 2024-2034*, setting an ambitious target of delivering 800,000 homes across the state over the next decade. As a signatory of this initiative, the Property Council supports the vision for increasing housing supply and improving affordability.

To further this vision, the government also introduced formal housing targets for local councils, providing municipal requirements that facilitate the statewide construction of 2.24 million new homes by 2051. We welcome these targets which include plans for infill development across 60 suburban activity centre precincts.

However, despite these commitments, Victoria is on track to fall well short of its housing targets, delivering just 61,282 new homes in the 12 months to September 2024 – nearly 20,000 homes below the government's annual target.² This shortfall is contributing to record levels of housing unaffordability in Victoria, with a median income household able to afford just 12 per cent of homes sold in the 2023-24 financial year.³

In Greater Bendigo, weekly median rental prices rose by 44 per cent in the five years to September 2024, with Ballarat and Greater Geelong recording increases of 31 per cent and 30 per cent respectively over the same period. These figures underscore the impact that reduced supply is having on affordability in key regional cities.⁴

With vast capacity for expansion, regional Victoria can play a crucial role in addressing the state's housing crisis. However, unlocking this potential requires strong collaboration between the government and the private sector to overcome key barriers to development. High interest rates, rising construction costs, excessive red tape, state government taxes, stalling precinct processes and planning inefficiencies are all severely limiting the private sector's ability to deliver new housing.

To accelerate residential development and improve housing affordability, the government should consider implementing the recommendations outlined in this submission.

Building, Development and Planning

Precinct Structure Plans

Regional areas have a critical role to play in addressing Victoria's housing crisis. With growing demand for housing outside of Melbourne, ensuring sufficient and timely planning processes is essential to unlocking new residential development. However, planning inefficiencies, delays and bureaucratic hurdles continue to slow the delivery of much needed housing across regional areas.

² [Building Activity, Australia, September 2024 | Australian Bureau of Statistics](#) (see TABLE 38. Number of Dwelling Unit Completions by Sector, States and Territories)

³ [PropTrack-Housing-Affordability-Report-August-2024.pdf](#)

⁴ [Department of Families Fairness and Housing Victoria | Rental report](#) (see 'Quarterly median rent by local government area – September quarter 2024 (Excel)')

Among Victoria's regional cities, Geelong is set to continue to experience the most significant growth. By 2051, Geelong is set to deliver as many new homes as other regional cities combined, and its population is anticipated to surpass the combined populations of Ballarat, Bendigo, Shepparton, and Warrnambool. Meeting this demand will require a streamlined approach to planning, particularly through the efficient and timely delivery of Precinct Structure Plans (PSPs).

Addressing PSP Delays

A PSP sets out the vision, layout, infrastructure and land use for a specific area, ensuring that development is well-coordinated, sustainable, and meets the needs of future residents. Timely release of PSPs is essential to providing certainty for developers, investors and communities, enabling the delivery of new homes, jobs, and critical infrastructure. Delays in PSP approvals hinder housing supply, exacerbate affordability challenges, and slow economic growth. Without a clear commitment from the government to release PSPs on schedule, Victoria will continue to fall short of its housing targets, impacting both the development sector and future homebuyers.

Regional cities play a vital role in Victoria's growth strategy, serving as major growth hubs to accommodate Victoria's rapidly growing population. However, several regional PSPs face ongoing delays or indefinite pauses due to resource constraints, restricting the potential for much needed regional housing.

In Greater Geelong – where development is essential – these delays are holding back the delivery of up to 50,000 new lots, limiting Victoria's ability to meet its future housing supply needs and putting upward pressure on housing affordability.

The most pressing delays in Greater Geelong include:

- **Marshall PSP – Amendment C278:** covering approximately 123 hectares of land adjacent to Marshall Railway Station, this PSP will enable well-located residential and commercial development. The City of Greater Geelong is currently reviewing an officer's report to determine whether the amendment will be adopted.
- **Creamery Road PSP – Amendment C450ggee:** This is the first PSP to be prepared for the Northern and Western Geelong Growth Areas. This amendment is currently under review by the Standing Advisory Committee, with multiple approvals still required before progress can continue.
- **Elcho East PSP:** located in the north-eastern portion of the Northern Geelong Growth Area, this PSP is still in the draft preparation stage, with landowner engagement and submission review yet to be undertaken.

Addressing these delays and fast-tracking the approval of these PSPs is critical to unlocking Greater Geelong's housing potential and ensure that Victoria can meet its long-term growth and affordability goals.

To improve planning efficiency and accelerate housing delivery, the government needs to refine the PSP process by:

- simplifying and accelerating planning approvals to reduce delays and costs associated with housing development. For regionally significant housing projects, the Minister for Planning should directly intervene to fast-track the PSP process and approvals, ensuring timely decisions and reducing bureaucratic delays that hinder housing supply.

- streamlining the planning framework by reviewing the *Victorian Planning and Environment Act 1987* and legislating an 18-month timeframe for the delivery of new PSPs to ensure efficient and predictable outcomes.
- prioritising the release of additional active residential and mixed-use lots in Geelong's growth corridors, aligning closely with the government's PSP 2.0 process to unlock more housing supply.

Efficient PSP delivery is essential to strengthening housing supply across regional Victoria. By implementing these recommendations, the government can remove key barriers to development, support population growth and improve affordability of regional housing.

Recommendation 1: Fast-track the delivery of PSPs in regional Victoria by enabling direct Ministerial intervention where appropriate, legislating an 18-month timeframe for the delivery of new PSPs, and prioritising PSP release in Geelong's growth corridors.

Urban Development Framework Plans

Victoria's regional cities play a crucial role in balancing the state's housing market, easing demand in Melbourne, and supporting economic decentralisation. However, a one-size-fits-all planning approach has failed to acknowledge the distinct growth trajectories of different regions, limiting their potential to meet housing and employment targets.

Geelong is disproportionately impacted by this approach. Historically it has been overlooked in statewide planning strategies, often grouped with 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.

As Victoria's second largest city, Geelong's growth should be prioritised with a dedicated planning framework and infrastructure investment that reflect its evolving status as Victoria's second city.

Fast-tracking Urban Development Frameworks

Urban Development Frameworks (UDFs) play a significant role in guiding future growth, infrastructure, and design, across Victoria's diverse precincts. By providing a strategic vision for development, UDFs facilitate well-planned, sustainable urban growth. However, there are several key UDFs in Geelong that have stalled, delaying the delivery of much-needed new homes. These include:

- **South Geelong UDF:** proposes rezoning land to create a new Mixed-Use Zone precinct. Identified as an *Increased Housing Diversity Area* in Greater Geelong's *Housing Diversity Strategy*, the area surrounding South Geelong station presents a prime opportunity for well-serviced infill housing. Despite development of the UDF beginning in 2019 and progressing to a Planning Scheme Amendment (PSA) process in early 2024, no further progress has been made.
- **Pakington Street UDF:** engagement for this precinct redevelopment began in 2019, with a proposal to encourage diverse housing types, including high-density dwellings. While the UDF was approved and adopted by the City of Greater Geelong in May 2024, the PSA process is yet to begin, leaving housing delivery in limbo.

In both cases, the process of delivering a new and enhanced UDF has taken more than five years, with finalisation still uncertain. Until these PSAs are incorporated and approved, no new homes can be built, directly restricting supply and exacerbating affordability challenges.

Recommendation 2: Local councils must prioritise and fast-track the incorporation of UDFs into PSAs, to enable housing delivery and meet growing demand.

Central Geelong: Height Limitations, Appeal Rights and Office Space

The Central Geelong Framework Plan (CGFP) 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. However, current urban infill rates – accounting for less than 25 per cent of new housing supply – are falling short of *Plan for Victoria's* 60-40 infill-greenfield target.

Increasing urban density in Geelong is essential to achieving these goals – however, market rates for land are not comparable with current zoning height restrictions in central Geelong. This is disincentivising much needed private investment into the Geelong CBD, detracting its ability to attract white-collar workers and achieve its desired infill targets.

If the government aims to position Geelong as a high-quality and competitive city that attracts families, and importantly investment, it must support development above the preferred maximum building heights set out in the CGFP – 16 metres and maximum of 21 and 28 in only very small pockets of the CBD. Increasing building heights will enable commercial growth and enhance the city's appeal.

Additionally, third parties should have no appeal rights if permit applications meet the UDF's height restriction and design principle. Continual provision of third-party appeal rights will reduce permit approvals, jeopardising the facilitation of CBD uplift in regional Victoria.

Targeted investment in priority sectors such as advanced manufacturing and medical research will create well-paid, white-collar jobs, strengthening Geelong's economic base and decreasing reliance on Melbourne's housing and employment market.

With a current office space shortfall of 200,000 sqm, mixed-use developments must be prioritised – aligning with *Plan for Victoria's* vision for central Geelong. Demand for A-grade office space in Geelong is already exceeding that of Melbourne, highlighting the city's potential to become a hub for professional employment.

By integrating strategic rezoning with industry growth, the government can align with its Economic Growth Statement, leveraging regional Victoria's potential to accelerate key sectors.

Recommendation 3: Increase height limits in central Geelong, fast-tracking mixed-use precincts, and reassessing the proposed urban growth boundary to ensure it does not constrain housing affordability and supply.

Recommendation 4: Streamline housing approval and delivery and remove third-party appeal rights if a permit application meets the requirements of an UDF.

Urban Growth Boundary

While infill development is essential, greenfield projects will need to continue to play a significant role in Geelong and regional Victoria. The introduction of a fixed urban growth boundary through *Plan for Victoria* risks undermining affordability, as current market trends indicate that most regional residents prefer detached housing over apartments or units. Demand for larger lots will remain until high-quality apartment living is incentivised.

Unlike Melbourne, regional Victoria is not experiencing a significant shift toward smaller dwellings. Lower population densities and distinct market preferences mean that apartment developments are less likely to generate strong returns on investment, making them less attractive to developers and limiting the supply of diverse housing options.

To ensure suitable growth and affordability, the government must ensure a balanced and diverse housing mix, where both urban density and suburban expansion are supported through strategic zoning and infrastructure planning. To accommodate the continued growth and affordability of regional Victoria, a comprehensive infrastructure framework must be established to anticipate future demand, ensuring that new regional housing developments – both in infill and greenfield – are well serviced and connected.

Recommendation 5: Promote and support housing diversity in regional Victoria by delivering a comprehensive infrastructure framework and avoiding rigid Urban Growth Boundaries that constrain development and affordability.

Victoria's Planning System

A more efficient planning system is essential to increasing regional housing supply. While the government's expanded Development Facilitation Program (DFP) marks a significant step in the right direction – offering faster approvals and removing third party appeal rights – these measures alone are insufficient. Economic constraints and pressures within the construction sector continue to challenge project feasibility, making further reforms essential.

To support greater housing diversity and infill development, the Small Lot Housing Code (SLHC) should be extended to regional Victoria. The SLHC eliminates the need for planning permits when building on lots under 300sqm, provided certain design and siting standards are met. In 2024, the SLHC was updated to accommodate even smaller lots, however, its application remains confined to Melbourne's metropolitan growth corridors. Expanding the SLHC to designated regional growth areas – such as Geelong, Ballarat, and Bendigo – would assist Victoria in achieving its goal of delivering 25 per cent of new housing in regional areas by 2051.

The government can help expedite significant development by introducing mandatory timeframes for all aspects of the planning application process. If responses are not provided within a given timeframe, the government must explore incentives and penalties such as 'deemed to comply' provisions or 'deemed refusals', enabling developers to escalate appeals more swiftly rather than be left in limbo.

Red Tape and Regulatory Barriers

Excessive red tape remains a major barrier to housing delivery in regional Victoria, adding costs and delaying projects. For example, a proposed development on Little Ryrie Street in Geelong faced significant and unnecessary planning hurdles despite securing a permit from the Department of Transport and Planning (DTP). The project was stalled due to impractical setback

requirements, with the DTP advising the developer to purchase a neighbouring site rather than addressing the regulatory inconsistency. Such inefficiencies undermine affordability and discourage investment in regional housing.

Similarly, referral authority delays continue to hinder housing supply, particularly for regional greenfield developments. For example, parcels of land in Tangambalanga and Leneva currently remain undeveloped, due to the lack of water and sewerage infrastructure, yet to be supplied by North-East Water. To unlock regional housing, water authorities must significantly improve their performance as development services agencies, including increasing resources and establishing dedicated funding streams for timely infrastructure delivery. The government must enforce stronger accountability measures for referral agencies, including mandated response timeframes for developer requests, applications and designs.

Shortfalls in infrastructure delivery – such as water and sewerage – can also be attributed to insufficient Federal Government investment. As Victoria's regions continue to grow, the absence of essential infrastructure continues to be a major barrier to housing supply. The government must advocate strongly for Victoria's necessary share of Federal infrastructure funding, ensuring critical housing projects in regional areas are fast-tracked.

Similarly, overly cautious application of bushfire overlays further limits development in well-serviced regional areas. The CFA must adopt a more balanced, risk-based approach to ensure these overlays protect communities without stifling much-needed housing supply.

Community Consultations

Community consultation is an important aspect of the planning process. However, when given disproportionate weight, it can obstruct much needed housing supply by overriding sound planning principles.

In 2024, the City of Greater Geelong rejected an independent panel's recommendation to approve a planning amendment for Balmoral Quay, despite its strategic alignment with the city's planning objectives. The amendment would have increased the number of apartments from 40 to 84, providing critical infill housing. Public opposition ultimately led to the project's abandonment, setting a concerning precedent for future developments.

Similarly, in Bass Coast Shire, a proposal to expand the Cape Paterson township boundary – previously endorsed by the Minister for Planning's independent panel – was abruptly retracted following immense community pressure. Many affected stakeholders were excluded from the decision-making process and were not informed prior to the announcement. If Victoria is to meet its housing target, councils must base planning decisions on policy merit rather than political or community pressure.

Permit Process

Local government permit conditions frequently delay housing projects and disrupt planning sequences. For example, in Gisborne, a development permit granted by VCAT in mid-2024 required subsequent submission of plans and reports by the developer. However, despite all required documentation being lodged, Macedon Ranges Shire Council delayed building approval by seven months. If councils want to meet housing targets, they must equip themselves with the necessary resources to fulfil documentation efficiently.

Moreover, small subdivisions of under 10 lots face disproportionately high costs and long approval times, discouraging developers from participating in infill housing. To streamline regional planning and enable faster approvals, the government must expand the recently established Regional Planning Hub (RPH).

Currently, the RPH provides valuable statutory and strategic planning support to rural and regional councils, assisting with priority developments, simplifying approvals, and streamlining planning schemes. However, its remit is currently too limited. Expanding access to all councils on request would significantly enhance regional cities' ability to streamline permit approvals, reduce development costs, and deliver new housing.

This aligns with recommendations from the Commissioner for Better Regulation's report, *Turning Best Practice into Common Practice*, which advocates for more efficient planning processes to reduce delays and improve development outcomes across Victoria.

Recommendation 6: Streamline planning processes to accelerate housing delivery in regional Victoria by reducing red tape and referral authority delivery timeframes, ensuring regulatory requirements are practical, balancing community consultation with sound planning principles, and enforcing mandatory timeframes.

Recommendation 7: Expand the Regional Planning Hub's remit to allow all councils to access its resources on request, providing critical support to fast-track infill development and improve housing supply.

Recommendation 8: Expand the application of the Small Lot Housing Code to Geelong, Ballarat, and Bendigo, facilitating key infill development on smaller lots in key regional growth areas.

Public-Private Partnerships in Precinct Delivery

Effective precinct planning and delivery are essential to increasing housing supply in regional Victoria. The Property Council's 2025 report, *Public-Private Partnerships in Precincts*, highlights the challenges in Victoria's current processes. It provides a detailed analysis of market conditions and best-practice approaches to precinct development, offering strategic recommendations to improve outcomes.

Currently, precinct delivery in Victoria faces challenges related to unclear government roles, inconsistent processes, and a lack of early private-sector engagement. These barriers delay much-needed housing and infrastructure investment in regional areas. By reforming precinct planning and delivery, the government can fast-track housing supply, attract investment, and create well-serviced communities.

To achieve this, we recommend:

- **Early market collaboration:** Engage private-sector partners from the outset to ensure projects are market-ready and viable.
- **Clear government roles and processes:** Define responsibilities between government and industry to streamline approvals and avoid inefficiencies.
- **Strategic prioritisation:** Establish a clear vision and set objectives for precincts to provide certainty for investors and developers.

- **A single ‘front door’ for proposals:** Create a streamlined entry point for market-led proposals, supported by investment-focused leadership.
- **Independent precinct delivery entities:** Establish arm’s-length bodies to manage funding, approvals, and long-term planning, ensuring reinvestment into precinct development.

By implementing these reforms, the government can unlock housing supply across regional Victoria, ensuring future precincts are delivered efficiently and aligned with regional growth needs.

Recommendation 9: Reform precinct delivery by streamlining processes, engaging the private sector early, and providing clear investment pathways. Establishing independent precinct delivery entities and a single-entry point for market-led proposals will accelerate housing supply in regional Victoria.

Prefabricated housing

Prefabricated housing (prefab) offers a faster, more cost-effective, and scalable solution to increasing housing supply. Despite its advantages, prefab currently accounts for only 3 per cent of Australia’s building activity due to high upfront capital costs and the need for sustained demand to justify investment. In contrast, countries like Sweden (80 per cent) and Japan (15 per cent) have embraced prefab to boost housing supply.

Expanding the use of prefab can deliver significant benefits, including shorter construction timelines, cost savings, improved quality control, job creation, and greater sustainability. It also enhances housing diversity, allowing for rapid deployment of apartments, detached homes, and specialised structures. However, without targeted government support, the industry will struggle to scale.

To unlock the potential of prefab across Victoria, we recommend:

- Introducing grants or tax incentives to encourage large-scale adoption of prefab housing.
- Investing in local prefab manufacturing to reduce reliance on imports and lower costs.
- Working with major residential developers to identify barriers and opportunities for prefab expansion.
- Establishing a taskforce to drive prefab adoption and develop a clear investment strategy.
- Advocating to the Federal Government to introduce a dedicated regional visa for tradespeople, ensuring a stable workforce to support housing growth outside metropolitan areas.
- Advocating to the Federal Government to boost skilled migration and streamline migration pathways for in-demand trades in the residential construction industry, ensuring a boosted workforce that can build a diverse range of homes.

By implementing these measures, the government can drive the uptake of prefab construction, alleviating labour shortages and accelerating the delivery of new homes in regional Victoria.

Recommendation 10: Establish a strategic framework to accelerate the adoption of prefabricated housing by providing financial incentives, investing in local manufacturing, and

addressing industry barriers. This includes targeted grants or tax incentives, partnerships with major developers, and workforce initiatives to ensure a stable supply of skilled tradespeople.

Planning Scheme Amendment Process

Victoria's current PSA process is excessively long and inefficient. On average, it takes nine years to rezone land for residential development in Victoria – this is the worst timeframe of any state in the country. This prolonged process significantly delays housing supply, infrastructure investment, and economic development.

The primary cause of these delays is the complex and fragmented approval process, which lacks statutory timeframes and is riddled with opportunities for refusal at multiple stages. This creates uncertainty for investors and developers, making it difficult to deliver much-needed housing in a timely manner.

To streamline the PSA process and reduce unnecessary red tape, we propose the following reforms:

- **Streamline different types of PSAs:** Categorise and simplify the amendment process to ensure that different types of PSAs follow an appropriate and efficient approval pathway.
- **Introduce an Omnibus Bill:** Consolidate multiple related amendments into a single omnibus bill, reducing administrative duplication and expediting approvals.
- **Measure and review performance:** Implement a transparent system to track, review, and assess the performance of the PSA process, identifying bottlenecks and addressing unreasonable delays.
- **Modernise public explanations:** Improve the clarity and accessibility of public explanations regarding proposed amendments to enhance community understanding and reduce misinformation.
- **Early referral to Planning Panels Victoria:** Ensure that amendments are referred to Planning Panels Victoria at an earlier stage to expedite expert review and decision-making.
- **Reduce panel report publication periods:** Shorten the time required for the publication of panel reports to accelerate the finalisation of amendments.
- **Require reasons for abandoning amendments:** Mandate that councils and government agencies provide clear and publicly available reasons when amendments are abandoned, ensuring transparency and accountability.
- **Clarify amendment requests processes:** Establish a clear and standardised framework for submitting, reviewing, and processing amendment requests to remove ambiguity and inefficiencies.

Recommendation 11: Streamline and modernise Victoria's planning scheme amendment process by implementing clear statutory timeframes, reducing unnecessary delays, and improving transparency and accountability.

Building Design

The Property Council supports the government's ambition to promote high-quality building design. However, existing design standards are highly subjective, inconsistently applied, and lack clear guidance or examples on how they can be met. This ambiguity creates uncertainty for

developers, leading to unnecessary disputes over minor design details and contributes to delays in the overall planning process.

To improve clarity, consistency and efficiency in building design assessments, we propose the following reforms:

- **Enhance resources for design professionals:** Increase funding and support for agencies responsible for design assessment (e.g. design panels, councils) to enable more frequent design reviews, faster response times, and greater access to formal design advice for both developers and councils.
- **Establish a clear, consistent framework on good design:** Develop a unified and concise set of guidelines that define good design principles, ensuring consistency in interpretation. A standardised approach will reduce subjective decision making, minimise disputes at VCAT, and streamline approval processes by providing clear expectations for both developers and councils.
- **Introduce project specific planning and design guidance:** Require councils to provide early, site-specific design briefs during the initial stages of project planning. This will ensure that developers understand key design considerations, planning parameters and site constraints before submitting proposals, reducing the risk of late-stage disputes and redesign requirements.

Recommendation 12: Establish clearer, more consistent design standards and strengthen support for design review processes. By providing objective guidelines and early -stage design advice, these reforms will reduce uncertainty, improve efficiency and facilitate better design outcomes across the planning system.

Infrastructure and Environmental Challenges

Transport and Connectivity

The government has set ambitious housing targets for Greater Geelong, aiming for an additional 128,600 homes by 2051, representing a 201 per cent increase from the 127,300 homes. However, without significant infrastructure investment to support the large-scale increase in population, Geelong risks becoming an undesirable place to live, placing more pressure on Melbourne.

To support Geelong's infill development – as outlined in *Plan for Victoria* – and ensure sustainable growth, the government must prioritise transport and connectivity improvements, including:

- **Upgrading Geelong station and the Geelong rail line:** Invest in ongoing improvements to enhance Geelong's connectivity with Melbourne, making it easier for residents to access jobs, family and entertainment in Melbourne's CBD. This could include express V/Line services from Corio to Sunshine, duplication of the rail line between Geelong and South Geelong stations, or increased departure frequencies, especially during peak times.
- **Expand and improving bus services from major Geelong stations and precincts:** Strengthen the public transport network by improving bus services at Geelong's three major train stations, reducing congestion, and fostering an integrated transport hub that supports higher-density housing. Bus Rapid Transit should also be enhanced, promoting stronger, direct connections between mixed-use precincts across Greater Geelong.

- **Leveraging existing infrastructure for infill development:** Prioritise new housing development close to existing public transport facilities such as the V/Line and bus routes in North and South Geelong. Encouraging mixed-use hubs around public transport nodes will enhance the viability of apartment living spaces.
- **Deliver a new railway station at Avalon Airport:** Avalon Airport is a fully operational commercial airport serving both Geelong and Melbourne, yet its nearest train station, Lara, is eight minutes away by road. A dedicated rail station on the Melbourne-Geelong rail line will enhance regional and international connectivity.

Additionally, the government must commit to key infrastructure upgrades that will unlock land for housing and improve regional accessibility, including:

- **Hamilton Highway upgrade:** Essential for unlocking development in the southern half of the Northern and Western Geelong Growth area.
- **Midland Highway duplication:** Necessary for reducing congestion and unlocking the capacity of the Northern and Western Geelong Growth area.
- **Bacchus Marsh Road duplication:** Vital for reducing travel times to Melbourne's western suburbs, improving Geelong's capacity to accommodate future growth.
- **Surf Coast Highway upgrade:** Required to alleviate congestion caused by growth in Armstrong Creek PSPs.
- **Bellarine Link completion:** Critical for reducing truck traffic in the Geelong CBD, improving overall road safety, and enhancing liveability.

Recommendation 13: Prioritise transport and infrastructure investment to support Geelong's rapid population growth. This includes expanding public transport services, upgrading key road networks, and delivering new transport hubs to ensure Geelong remains an attractive and liveable city, while also alleviating pressure on Melbourne's outer suburbs.

Biodiversity

The Property Council supports environmental sustainability and the protection of Victoria's diverse flora and fauna. As Victoria's greenfield development expands, it is essential to balance urban growth with conservation, ensuring that our unique environment and wildlife is protected, and can continue to flourish.

In early 2023, the Victorian Grassland Earless Dragon – a species last recorded in 1969 and believed to be extinct – was rediscovered in the wild near Bacchus Marsh. This finding has stalled many patches of urban development in the critical growth area between Geelong and Melton. This has resulted in three years of housing delivery being delayed while ecologists work to survey the area for more Victorian Grassland Earless Dragon habitats and colonies.

Whilst the Property Council fully supports the protection of vulnerable species, the unintended consequences of this discovery have introduced new regulatory hurdles that impose significant holding costs on developers – costs that are ultimately passed to consumers. With Victoria's housing pipeline stalled, and further constraints on unlocking land for future industrial uses, it is crucial to streamline environmental approvals to meet the government's Housing Statement targets.

The Property Council recommends accelerating the environmental assessment of the area, to ensure that critical development in the western growth corridor can continue. To balance conservation and development, the government must:

- **Fast-track environmental assessments:** Accelerate the habitat survey process to minimise delays while ensuring the Victorian Grassland Earless Dragon is protected effectively.
- **Implement clearer guidelines:** Develop transparent and efficient planning pathways that allow urban development to progress alongside conservation efforts.
- **Unlock land for housing and industry:** Ensure that critical land earmarked for residential and industrial use is not indefinitely stalled by regulatory uncertainty.

Recommendation 14: Urgently complete the Victorian Grassland Earless Dragon's environment assessment and establish clearer planning frameworks that allow conservation and development to coexist without unnecessary delays in future developments.

Refining Cultural Heritage

The Property Council is committed to preserving and protecting Victoria's indigenous cultural heritage. As one of the state's greatest cultural assets, Victoria's indigenous history enriches the diverse tapestry of our society.

However, significant challenges within the indigenous cultural heritage protection framework are impacting the delivery of built form in regional Victoria. These challenges are impacting project timelines, increasing costs, and reducing land development potential, creating unnecessary barriers to housing and infrastructure delivery. Key challenges include:

- **Lack of 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 must strike a better balance between preserving cultural heritage and enabling positive development outcomes. To achieve this, key reforms should include:

- establishing a transparent decision-making hierarchy with clearly defined roles, responsibilities and reporting structure to ensure accountability and efficiency.
- developing a more efficient reporting system to allow for quick escalation of issues and timely responses from relevant authorities.
- implementing a consistent and 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, providing certainty for developers and the community.

Recommendation 15: Urgently reform the Cultural Heritage Framework by mandating clear decision-making structures to eliminate bureaucracy, enforcing strict timeframes for processing CHMPs, standardising assessment protocols to provide certainty and fairness for stakeholders, and implementing upfront cultural heritage mapping to ensure viable land is not locked away unnecessarily.

Tax, Assets and Economic Policy Reform

Regional Housing Fund

Following the cancellation of the Commonwealth Games, the government committed \$2 billion to a regional support package designed to deliver lasting benefits for regional Victoria, focusing on housing, tourism, and sporting infrastructure.

Half of this funding was allocated to construct around 1,300 new affordable and social housing units in regional areas by 2028. However, progress has been alarmingly slow. As of November 2024, only 184 new or upgraded homes have been completed, leaving 1,116 homes still to be built. This requires an accelerated delivery rate of 372 homes per year, for the next three years – an ambitious target that requires urgent government action.

The government must provide greater transparency on the progress of these builds, including how funds have been allocated and will be utilised over the next three years.

Recommendation 16: Accelerate regional housing delivery by ensuring full transparency on fund allocation, construction progress, and delivery timelines. The government must implement public reporting on annual housing targets and streamline planning and approval processes to fast-track construction.

Build-to-rent

Build-to-rent (BTR) is uniquely designed purpose built, long-term rental accommodation which is predominantly owned, managed and operated by an institutional investor for a long-term investment period. BTR provides stable, secure, high-quality long-term housing and is a critical asset class that can have a major role to play in the supply of homes in regional Victoria. As regional employment hubs grow, BTR can also support revitalisation of regional CBDs by attracting skilled workers and supporting the government's vision for vibrant and mixed-use precincts.

Despite its immense potential, BTR is not formally recognised within many local planning schemes, and the unique nature of BTR development is not always understood when navigating local planning process. The complexity of navigating local approval processes, coupled with financial hurdles, makes many BTR projects unviable, discouraging much-needed private investment.

As tenant incomes are lower, BTR projects in regional Victoria should receive a suite of tax incentives, boosting development feasibility. By realising this, the government can improve the supply and affordability of BTR, enhancing population growth in regional Victoria.

To attract investment and unlock large-scale, long-term rental housing in regional Victoria, the government must formally acknowledge BTR as a distinct asset class and establish a streamlined, state-led planning pathway that removes uncertainty and accelerates development.

Recommendation 17: To unlock investment in long-term rental housing across regional Victoria, the government must formally recognise Built-to-Rent as a distinct asset class, establish a dedicated state-led planning pathway, and provide targeted tax incentives for regional BTR projects.

Special Economic Zones

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.

Regrettably, Victoria's tax settings are inhibiting IRR, resulting in stalling development and viability concerns, including in the Geelong CBD.

To encourage development in Central Geelong, we propose the establishment of a Special Economic Zone (SEZ). Drawing inspiration from Queensland's Priority Development Area regime, the SEZ should be led by the City of Greater Geelong, with support from the government and provide a variety of incentives for developers and purchasers in the CBD, including:

- **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.

The establishment of a SEZ in Central Geelong will promote rapid growth and revitalise Victoria's second largest city.

Incorporating sunset clauses within the enabling legislation would ensure periodic reassessment of the SEZ 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 supporting sustainable growth.

Recommendation 18: Establish a Special Economic Zone in central Geelong to provide tax relief to developers, promoting rapid growth and revitalising Victoria's second largest city.

Windfall Gains Tax

The introduction of the Windfall Gains Tax (WGT) has added yet another financial barrier to development, significantly impacting both councils and developers by increasing upfront costs and reducing project feasibility. Applied to rezonings that increase land value by more than \$100,000, WGT discourages timely development, as landholders delay projects to defer the tax, betting on rising land values and improved market conditions.

For regional Victoria, WGT erodes its competitive advantage over metropolitan Melbourne, making it harder to unlock critical land for housing. Councils looking to rezone land to boost supply – whether by converting residential areas into mixed-use precincts or facilitating infill development – are instead deterred by the financial burden WGT imposes.

To stimulate development and meet housing targets, the government must abolish WGT or alternatively expand WGT exemptions for large-scale residential rezonings delivering 50 or more homes of any type. Additionally, targeted exemptions for key regional CBDs such as Central Geelong, Central Ballarat, and Central Bendigo will drive urban renewal, encourage site consolidation, and enhance the long-term sustainability of these strategic growth centres.

Recommendation 19: To unlock critical housing supply and drive regional urban renewal, the government must abolish Windfall Gains Tax or introduce WGT exemptions for large-scale residential rezonings delivering 50 or more homes and for developments in key regional CBDs.

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.

To support the private sector and expedite the planning process to allow for the delivery of affordable housing in regional Victoria, additional mechanisms should be considered. These include:

- **Density Bonus Framework (DBF):** Implement a clear DBF 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:** Offer 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.

Recommendation 20: Introduce a Density Bonus Framework, targeted tax relief, and direct developer subsidies to incentivise and fast-track the delivery of affordable housing in regional Victoria.