

Memorandum

To: Ample
From: Macroplan
Date: 27 Feb. 25
Subject: Surf Coast Urban Futures Strategy (UFS) – Further Analysis

Macroplan was engaged by Ample (Client) to provide a professional opinion of the Surf Coast Shire's Draft Urban Futures Strategy (June 2024) (UFS), which was provided in the report titled *Surf Coast Shire Urban Futures Strategy, Peer review Opportunities and constraints* (August 2024).

This memorandum provides a summary of Macroplan's findings, including further analysis of the UFS conducted after August 2024.

Study context

Victoria has the largest annual population growth of all Australian states. Melbourne and Regional Victoria all project considerable long term population growth – between two and four million more people in Victoria by 2051 – fuelling demand for new dwellings.

State Planning Policy Framework requires that all LGAs plan to accommodate projected population growth over a 15-year period.

Victorian State Government draft housing targets released in June 2024 identify a requirement for 7,800 new homes for the Surf Coast Shire by 2051. At an average household size of 2.5 people, this equates to an additional 19,500 residents.

Surf Coast Shire (Shire) is preparing the UFS with the following intention identified:

“...the draft Strategy considers forecast population growth to a planning horizon of 2051 and recommends strategic work to ensure an adequate supply of land to meet future housing and employment needs ”

Population forecasts

Based on advice from Shire's consultants, Spatial Economics, the UFS provides population and dwelling projections for the region as follows:

Table 1 Population and dwelling projections, 2021-2051

	2021	2036	2051	Growth (2021-51)
<u>Population</u>				
-				
VIF 2023 / Vic. Gov't (Feb-25)	37,648	48,010	57,148	19,500
UFS Moderate Growth Projections	37,648	49,028	56,719	19,071
UFS High Growth Projections	37,648	49,203	65,156	27,508
<u>Dwellings</u>				
-				
VIF 2023 / Vic. Gov't (Feb-25)	20,678	25,867	28,478	7,800
UFS Moderate Growth Projections	20,678	26,434	30,224	9,546
UFS High Growth Projections	20,678	26,461	33,429	12,751

Source: Draft Surf Coast Urban Futures Strategy (June 2024), Victorian Government Draft Housing Targets (2051) (Feb-25 update) Macroplan.

To summarise, the above forecasts and the State Government's draft housing targets, means that by 2051 the Shire is to accommodate the following:

- Victorian State Government Housing Target: **19,500 new residents** (7,800 new homes)
- UFS moderate long term growth projections: **19,071 new residents** (9,546 new homes)
- UFS strong long term growth projections: **27,508 new residents** (12,751 new homes)

Existing housing supply pipeline

The UFS details the number of potential lots available for residential development across the Shire, including zoned supply and unzoned lots with potential for residential development (Table 2).

Table 2 UFS Estimated lot capacity (March 2024)ⁱ

Locality	Zoned supply	Potential supply [^]	Total lots	Exc. Constrained lots	Population capacity *
Torquay/Jan Juc	1,473	1,166	2,639	1,663	4,156
Winchelsea	181	435	616	616	1,540
Deans Marsh	26	0	26	26	65
Lorne	13	0	13	13	33
Bellbrae	12	0	12	12	30
Alreys inlet	8	0	8	8	20
SURF COAST TOTAL	1,713	1,601	3,314	2,338	5,844
Outside of Winchelsea					4,304

* Include zoned and potential residential

[^] Assumes a conservative average household size of 2.5 residents

Source: Draft Surf Coast Urban Futures Strategy (June 2024), Macroplan

The UFS highlights the current state of the Shire’s housing supply pipeline as followsⁱⁱ:

“There is a current capacity in the municipality for approximately 1,700 lots to be provided on zoned urban residential greenfield land and major infill sites, and 1,600 lots on unzoned land that is strategically identified for future residential use. Existing land supply is primarily concentrated in Torquay – Jan Juc, with Winchelsea providing a much reduced supply comparatively.”ⁱⁱⁱ

The UFS also highlights:

“There is a limited stock of zoned urban residential land in both Torquay and Winchelsea which will result in short term impacts to the volume of land delivered and pressure on pricing. This issue is compounded in Torquay where 37% of this land is subject to constraints to its development, such as multiple land owners”^{iv},

When you apply this constraint to Torquay, the Shire’s availability of land drops from 3,314 to 2,338 lots equating to housing for around 5,845 residents (based on an average 2.5 person household).

Future housing supply pipeline

The UFS confirms:

“There is an immediate need to increase the supply of land zoned for urban residential use. Further land will also need to be identified to meet anticipated medium to longer term housing needs”^v.

and

“Winchelsea is affirmed as the focus for longer term growth in the Surf Coast Shire, due to the declining capacity of Torquay, and the constraints of the other townships.”^{vi}

The UFS outlines the preparation of a new strategic plan for Winchelsea to *“determine the capacity of Winchelsea to accommodate future projected growth beyond 10,000 people in a sustainable manner”^{vii}.*

Macroplan peer review

Winchelsea

It is our opinion that an appropriate and justified expansion for Winchelsea is in the order of an additional 5,000 residents, bringing the township to a total population to around 7,500 by 2051. Growth of this size would:

- allow sustainable and incremental expansion (as outlined as a priority in the UFS).
- permit the retention of Winchelsea’s identity and character as a historic rural village (as outlined as a priority by the Community in Phase 1 of the UFS engagement).
- support just one full-line supermarket that could complement, not detract from the existing high street.
- ease the pressure of rezoning land at the town fringes and facilitate growth in locations most suitable for rental housing stock and affordable housing i.e. within walking distance to the existing township and train station.

Shortfalls

Considering both the State Government and the Shire's own population projections, it is expected that 19,000 – 27,500 new residents will call this region home over the next 26 years. A significant proportion of this being the Shire's youth (9,500 youth under the age of 20 in 2021), key workers, and those within the tourism sector (being the Surf Coast's highest industry of employment).

The UFS establishes existing zoned and unzoned supply across the Shire of 2,338 lots (or 5,845 residents), including 616 within Winchelsea, some of which are large rural lots that could be subdivided further.

According to a further studies undertaken in 2021 (Winchelsea Structure Plan 2021) there are four investigation areas (including the above mentioned 616 lots) with growth potential with a combined total of close to 2,800 lots in Winchelsea. However, planning overlays (such as the Significant Landscape and Land Subject to Inundation overlays) are likely to restrict Winchelsea achieving this lot capacity, particularly within the south-east growth area that has the greatest identified lot capacity.^{viii}

Considering this, it is our opinion that Winchelsea can grow in a sustainable manner to a total population size of 7,500 people by 2051, i.e. accommodating a further 5,000 residents.

As a result, the UFS facilitates accommodation for around 9,300 new residents: 5,000 in Winchelsea and 4,300 in other existing towns (as per Table 2 above).

Therefore, the shortfalls of the UFS against the various forecasts can be summarised as follows:

Table 3 UFS future resident capacity versus population growth projections

Forecast	Population Growth (2021-51)	New Residents Considered by UFS	Shortfall to Population Projections	Dwelling Shortfall (2.5ppl per household)	% Shortfall compared to Population Projections
Vic. Gov't Housing targets*	19,500	9,300	10,200	4,080	52%
UFS Moderate Growth	19,071	9,300	9,771	3,908	51%
UFS High Growth	27,508	9,300	18,208	7,283	66%

* Based upon draft housing target of 7,800 dwellings @ 2.5 persons per dwelling

Source: Victorian Government Draft Housing Targets (2051) (Feb-25 update); UFS; Winchelsea Structure Plan (2021); Macroplan

In other words, the UFS is only delivering housing for:

- 48% of the Victorian Government's Housing Target;
- 49% of the UFS's Moderate Growth population projections; and
- 34% of the UFS's High Growth population projections

We must reinforce that these numbers have been calculated using information obtained from within the UFS and Macroplan's findings of Winchelsea as a suitable growth front (namely interrogation of the four investigation growth areas identified in the *Winchelsea Structure Plan 2021*)

Infill supply

With respect to infill supply we note that the UFS highlights the following:

“Dispersed infill development is not included as part of land supply calculations, but is currently a valuable supply source; the importance of which will increase over time^{ix}”.

And

“Infill development will be a major source of housing supply in the future, particularly in Torquay. Infill projects have typically resulted in a small yield of three or less additional lots. There is considerable scope to increase densities and yields from established urban areas^x”

Infill is a commercially viable source of supply in Melbourne, and to some extent Geelong, however in the regions it is demonstrated that infill is largely not commercially viable. Even if it was commercially viable, it is Macroplan’s opinion that Torquay is not equipped to deliver sufficient high density infill housing to cover the 3,908 – 7,283 Dwelling Shortfall identified in the UFS (as per Table 3 above), nor is any other township in the Surf Coast Shire.

Infill supply has never been a commercially viable or sustainable source of housing supply for the Surf Coast Shire, and there is no evidence that it could ever be.

State Planning Policy

It is our opinion that the UFS does not adequately plan to accommodate the projected population needs of the Surf Coast Shire over a 15-year period, nor does it adequately accommodate growth to the year 2051 or beyond.

Solution

A second growth front, that mirrors the township of Winchelsea, is the only viable solution. Delivered in the form of a master planned community, with potential direct access to existing public transport infrastructure, it would comfortably and sustainably support up to an additional 7,500 residents through to 2051. This second growth front would significantly reduce the current projected shortfall in housing and help the Shire reach the housing target set by the Victorian Government.

This parallel strategy would significantly ease the growth demands of Winchelsea, helping to preserve the town’s identity and character as a historic rural village, ease the demands on infill development in Torquay, deliver much needed affordability and variation of dwelling typology, and future proof the Surf Coast Shire against the ‘*sudden and unexpected increase in population growth*’ risk highlighted by Spatial Economics.

CONCLUSION

As a strategy to ensure adequate supply of land to meet future housing and employment needs, the UFS relies heavily on a single growth front, and futuristic infill supply; both of which are untested for their appropriateness.

Sharing the future demand for housing between Winchelsea and a secondary growth front will help sustain the region's identity and the character of its key townships, as well as provide housing in a well-positioned location that is of commutable distance to key employment nodes of Greater Geelong and the Great Ocean Road.

We respectfully conclude that the UFS needs further consideration before adoption.

Spatial Economics advise *“there is an immediate need to increase the stocks of urban greenfield lands”* and Macroplan supports this statement. The rezone process is slow to unlock land. State Policy, Growth Plans, localised strategies such as the UFS, township Structure Plans, and then individual Permits must be worked through before land can enter the market. It is the experience of Macroplan that there is a lead time of six years into the creation of saleable land.

Macroplan encourages the Shire to work with their internal teams, external consultants, and the development industry, to ensure a commercially viable Urban Futures Strategy is adopted that not only meets the growing population needs of the wider shire but also provides attainable housing for the Shire's youth, key workers, and those within the tourism sector the latter being the Surf Coast's highest industry of employment.

ⁱ Urban Futures Strategy – Table 1, Page 23

ⁱⁱ Urban Futures Strategy, Page 23

ⁱⁱⁱ Urban Futures Strategy, Page 23

^{iv} Urban Futures Strategy, Page 25

^v Urban Futures Strategy, Page 25

^{vi} Urban Futures Strategy, Page 3

^{vii} Urban Futures Strategy, Page 35

^{viii} Macroplan August 2024 report – Section 2.2

^{ix} Urban Futures Strategy, Page 26

^x Urban Futures Strategy, Page 26