



6 April 2021

Leanne Khan
Coordinator Strategic Planning
Macedon Ranges Shire Council

Dear Leanne,

Re: Macedon Ranges Residential Land Demand and Supply Assessment

Thank you for your request to provide information in relation this matter. As you know, Urban Enterprise prepared the *Macedon Ranges Residential Land Demand and Supply Assessment* (the **Assessment**) for Macedon Ranges Shire Council (**Council**) in 2019. The report was issued in January 2020.

I understand that Council is considering a proposal to seek broad community feedback on the report, with a focus on whether the demand projections and scenarios are appropriate for the towns included in the assessment. You have asked me to provide a response to this proposal and in particular to comment on whether it is usual practice for community feedback to be sought on this type of assessment.

I provide the following comments:

- The Assessment was prepared by Urban Enterprise, a consulting firm with more than 30 years experience in this type of work. Urban Enterprise specialises residential land demand and supply assessments and the work was undertaken by consultants with all relevant qualifications.
- The scope of work was to investigate the demand for residential land in the towns of Gisborne, Riddells Creek, Romsey, Lancefield, Woodend and Kyneton, and to assess the adequacy of existing residential land supply to accommodate this demand. Supply is expressed in terms of the number of years over which it could accommodate projected demand.
- Our assessment of residential land demand and our projections of likely future demand (shown in the Assessment as demand 'scenarios') are based on a range of quantitative analysis, consultation with real estate agents, official State government population projections and the application of our expertise and experience in this type of work.
- It is important to note that the demand 'scenarios' shown are not 'options' or un-informed judgements. The scenarios represent potential alternative housing demand projections which could be adopted based on different information and data sources. Urban Enterprise then draws on the comprehensive analysis of all relevant data, market commentary and overarching market conditions set out in the Assessment to inform a view on the most likely level of market demand in the future – this is a technical assessment which draws on the skills, expertise and experience of the report authors.
- The demand scenarios do not take into account any judgement of the authors as to the suitability of particular locations to accommodate urban growth – the Assessment is based on market demand and the capacity of existing residential land to accommodate this demand.

- In Gisborne and Romsey, the Assessment recommended that planning considers a 'growth scenario' which represents a rate of dwelling growth in the future which would exceed the rate projected as part of other data sources considered for the assessment (primarily Victoria in Future and Forecast ID). The adoption of 'growth scenario' demand rates is based primarily on evidence of latent demand for housing in these towns which mean that existing projections are very likely to be under-estimated.
- It is also relevant to consider that:
 - The analysis of existing residential land supply in each town results in an estimate of the 'theoretical maximum' capacity of residential land. In practice, the number of dwellings that are ultimately accommodated within this land may be somewhat less than this theoretical capacity for many reasons.
 - Since the Assessment was prepared, the rate of dwelling demand has increased in most regional cities and peri-urban municipalities, influenced by the COVID-19 pandemic.
 - Since the land supply assessment was prepared (January 2019), more than 2 full years have passed, during which time further land will have been 'consumed' for housing and/or latent demand will have accumulated.

The above factors combine to indicate that the level of practical supply currently available in the towns assessed will be somewhat lower than the findings shown in the Assessment.

- The methods, techniques and data adopted for the Assessment are consistent with standard and best practice across the industry. These methods and techniques have been tested through the Victorian planning system processes, including at Planning Panel hearings for Planning Scheme Amendments.
- In my experience, it is not unusual for this type of assessment to be made publicly available once finalised **for information**, either as a stand alone document or (more commonly) as part of a suite of supporting documents which provide an evidence base and background information in support of a broader planning strategy, such as a Structure Plan or Housing Strategy.
- In my experience, however, it is very unusual for community '**feedback**' or '**input**' to be sought on this type of assessment. This is because the Assessment is a detailed technical study undertaken by qualified, experienced and specialised experts – this type of expertise is necessary to undertake a reliable assessment which satisfies the requirements of the Victorian Planning system. In some cases, peer reviews or alternative assessments are commissioned from equally qualified professionals.
- Maintaining a suitable, long term and unconstrained supply of residential land is an important factor in maintaining relative housing affordability and meeting the varied housing needs of the community.

I trust this meets your present needs - please do not hesitate to contact me on 9482 3888 if you wish to discuss or if I can assist further.

Yours sincerely,

Paul Shipp

Director