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Opinion Editorial; UDIA Victoria – written for The Age



Land release report misses the mark.

Written by: Matthew Kandelaars, CEO of the Urban Development Institute of Australia, Victoria (UDIA).

The urban development industry has been central to Victoria’s resilience since the onset of the COVID-19 pandemic and has shown itself to be essential to Victoria’s fortunes. Throughout several lockdowns, the urban development industry kept Victoria’s economic pilot light on. The industry takes enormous risk and contributes significant sums to deliver Victoria’s homes and put a roof over the head of tens of thousands of families each year, to create thriving communities and to support hundreds of thousands of jobs.

Earlier this week, a report was released that claimed developers are withholding the supply of land across Melbourne for commercial gain. It is hard to begin analysing the report’s findings because it bears so little resemblance to how the market actually works.

The report is flawed and based on false assumptions. It also contains incorrect data, which is debunked by publicly available information that has been reported to the ASX. It was authored by a group who, it would seem, serves the sole purpose of advocating for a greater tax burden on property and landowners – who already contribute 52.8 per cent of the State’s taxation revenue.

Sadly, the report lacks any understanding of how development works and fails to recognise the fundamental difference between “zoned” land and “development-ready” land.

The development market is competitive and it’s the quickest to market who makes a sale. The truth is that developers seeking to bring land to market are being constrained by an endless stream of red tape, a system full of bottlenecks and one that is stretched to capacity.

The report misses the mark entirely when it seeks to blame the development industry for a lack of supply. I have the great privilege of speaking to the industry countless times each day – from developers and builders, to engineers, civil contractors, architects and land-use planners (many of whom work for State or local government). Each of them agrees that delays in bringing land to market are their greatest frustration.

The reality of development is that there are countless steps before a home can be built. Even after a rezoning occurs, land cannot be developed unless there is necessary infrastructure in place – think sewerage, water, roads and power. The rollout of each type of infrastructure is carefully sequenced, and a developer can only proceed so far out of sequence before being pulled back into line. There is also the need for more detailed permits, right down to individual stages or dwellings. Each step acts as a gateway, before the next arises.

In fact, following the issuing of a planning permit, there are at least four separate State agency consultation processes and five separate council consultation processes. Particular agencies are known to be laggards and – as astounding as this may be to a layperson – it is not uncommon for a 28-day statutory referral period to take more than a year. This is the reality that the urban development industry faces, and it is why we’ve pleaded to have these processes streamlined as a matter of urgency.

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Aside from delays in the process, there are also physical limits to how much land can be delivered at any point in time. The development industry is facing a critical lack of workers and materials. These shortages are impacting every link in the development chain, from lawyers, to engineers and planners, to civil construction.

Now, if these facts won't convince the anti-development lobby, then perhaps they might dwell on the words of Gough Whitlam, who famously said: *"the punters know that the horse named Morality rarely gets past the post, whereas the nag names Self-interest always runs a good race"*.

If developers are not settling lots, they're not making money, while they are paying ever-increasing holding costs on the land. Investors with impatient capital won't let this slide and this single fact alone blows the report's findings out of the water.

The report's authors got one thing right. Supply is constrained and this drives up the cost of land. But to blame the urban development industry is particularly frustrating when we've been working so hard to have the Government speed up these processes, and it's just plain wrong.

- ENDS -



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ABOUT: Urban Development Institute of Australia, Victorian Division (UDIA Victoria)

The Urban Development Institute of Australia, Victoria (UDIA) is the peak body representing Victoria's urban development industry.

We are a non-profit advocacy, research and educational organisation supported by a membership of land use and property development organisations, across the private sector

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and Victoria's public service. We represent developers and builders, lawyers, architects, engineers, land-use planners and other consultants and professionals who service the industry.

UDIA Victoria is committed to working with both industry and Government to deliver housing, infrastructure and liveable communities for all Victorians.