

PROOF VERSION ONLY

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Ballarat – Thursday 8 May 2025

MEMBERS

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett

**Necessary corrections to be notified to
executive officer of committee**

WITNESSES

Joseph van Dyk, Director, Hygge Property;

Anton Pound, Director, Bauenort;

Nick Grylewicz, Director, Land Development, Integra Group; and

Ashley Heard, Owner, GJ Gardner Homes.

The CHAIR: Welcome back to the public hearing on the Inquiry into the Supply of Homes in Regional Victoria. I will just run through some important formalities before we begin.

All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means that you can speak freely without fear of legal action in relation to the evidence you give. However, it is important to remember that parliamentary privilege does not apply to comments made outside the hearing, even if you are restating what was said during the hearing.

You will all receive a draft transcript of your evidence in the next week or so for you to check and approve. Corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you for making the time to meet with the committee today. We really appreciate you coming in. Also, I just want to acknowledge for Hansard, thank you to Joe van Dyk and Hygge Property for showing us through Lyons Place yesterday. We are really, really grateful for the time that you gave us.

I am Juliana Addison – I think most people on this panel know who I am – and I am the state Labor Member for Wendouree.

Martin CAMERON: Martin Cameron, Member for Morwell, so down in the Latrobe Valley pushing into Gippsland.

Jordan CRUGNALE: Jordan Crugnale, the Member for Bass, over in the Casey, Cardinia and Bass Coast shire area.

Wayne FARNHAM: Wayne Farnham, Member for Narracan. I represent the West Gippsland region.

Martha HAYLETT: I am Marha Haylett, the Member for Ripon, so the outskirts of Ballarat and then up to Ararat, St Arnaud, Wedderburn, Maryborough and everywhere in between.

The CHAIR: Excellent. And online we have –

Daniela DE MARTINO: Daniela De Martino. I am the Member for Monbulk, covering the Dandenong Ranges and foothills.

The CHAIR: Terrific. Thank you very much for the submissions that you have made and the details, and also we have got material here and PowerPoint presentations. Because we really want to talk to you about the issues that matter most to you – sometimes we have presentations and they literally eat up the whole hour before we get to have these robust discussions – I mentioned to some of you that we really do want to hear what you think are the challenges and, importantly, also if you have got any of the solutions. So, Marty, can I kick off with you to ask some questions?

Martin CAMERON: Thanks very much, Chair. Welcome, everybody, and thank you for coming in today. Obviously we are looking at the pressures of regional housing around regional Victoria. I am sure, with the people that are sitting opposite us today, we are going to get some answers. We are looking for solutions. As we have said, do not give us the sugary, happy slap on the back, what you think we want to hear. Let us know what the issues are, especially up here in and around Ballarat. But if you do have them, give us some fixes – something that we can take back to Parliament, that we can put in our report – and where the pinch points are for you. You are the people that are on the ground trying to build homes for Victorians. So for my first opening question, I open it up to everybody: can you tell us some of the pressures around Ballarat and the electorates around here, obviously with building on greenfield sites and also building inside our infill sites in the towns

themselves? I might open it up to you first, Anton, if I can. What are the pressures and what are you seeing at the moment where we are struggling?

Anton POUND: Can I go back a couple of steps just to frame up that conversation?

Martin CAMERON: Yes, absolutely. Thank you.

Anton POUND: I am the Director of a development business, and we have been here in Ballarat for a decade now. I will talk today a bit about supply. I am not going to talk about government charges and taxes and costs that are built into house and land packages; that has been done to death by other industry groups and participants. It is more about what we see as the challenges around housing for middle Australia, so not the crisis end and not the top end – the big bulk of that middle Australia. Our experience is that the reason people move to regional Victoria is firstly for housing and affordability, lifestyle and then chasing a job. Our experience is that overwhelmingly families are looking for a detached home. Infrastructure Victoria released a plan called *Our Home Choices* back in 2023, and it concluded that four out of five home owners would not trade their home on the fringe for an apartment or a townhouse closer to the centre. When you consider the cost of housing now – and the cost of construction of housing is markedly different for infill development versus housing on the greenfields – in the last 10 years we have seen in Ballarat that 10 per cent of new housing supply has come from the infill areas and 90 per cent of it has come from the greenfield areas. If you look at any of the government papers that have come out, whether that is the Victorian housing statement, Ballarat housing strategy or *Plan for Victoria*, most of these documents talk about around 1850 homes having to be delivered in Ballarat each year for the foreseeable future. *Plan for Victoria* talks about 60 per cent of that coming from the infill areas.

You might have my presentation, and I will take you to slide 4, which you probably hopefully have in front of you. This is a slide that basically illustrates the Ballarat housing market. If you can see this, I will talk to this slide. This basically is a bar graph that over time – this blue line is where we are in 2025. These green bars to the right are the last 10 years. The green line is housing developed in the greenfield area and the little bit of orange is the infill housing, so call the orange apartments and townhouses and call the green homes on the fringe. *Plan for Victoria* and most of these documents talk about how we need to deliver 1850 homes, as I said, in Ballarat per annum into the future. It is also contemplating that 60 per cent of that is going to come from the infill areas – that is the orange. So the challenge is: how do we transition instantly, like that, to a market that is going to deliver that? It is very difficult. We understand that all the heavy lifting is going to get done by the greenfield areas. When you think that a greenfield house is delivered by volume builders out on the Edge, around about \$2,000 a square metre – the infill house will currently cost you \$4,000 a square metre to build. When we have got an affordability issue and a housing crisis, those homes, of which the government is asking for 60 per cent to be delivered, will cost twice what the greenfield can deliver.

So the challenge that we think that we need to get on top of is obviously housing supply, but housing supply at an affordable level, and that is going to be done in greenfield areas. At the moment if you go out onto the Edge – \$600,000 for a house and land package for a three-bedroom home on a pretty small block. If you go to a townhouse or an apartment in the middle or inner areas, that is going to cost you substantially more. People are struggling to buy a \$600,000 home, let alone going to inner areas to pay substantially more money. So we see the answer is going to come from the greenfield areas, albeit that we need to look at densities. It is no longer the quarter-acre block. A quarter acre is 1000 square metres. Those days are long gone; no-one wants that anymore. The density arrangement and the density solution can be achieved in the greenfield areas through providing a range of densities. We have got homes on our projects on blocks of land down to just over 200 square metres up to nearly 600 square metres, so you can accommodate a range of households – whether that be singles, couples, downsizers, families, pets and everything in between – and that can be done in greenfield areas knowing that purchasers can go and purchase a home from a volume builder and pay around \$2000 a square metre rather than having to engage a suite of consultants and build density at substantially higher prices.

The CHAIR: Anton, we are going to come back to the diversity issue, because that just keeps coming up and up again. Nick, tell us: would you like to answer that question from Integra's perspective?

Nick GRYLEWICZ: Thank you, Juliana. Map 2 in my presentation: we have mapped the last five years of development across Ballarat – which is approximately 1200 houses per year. That is a couple of good years, and the last three years were quite slow. The new housing targets are up around 1800, so that requires a 50 per

cent increase on the last five-year average. So we are going to need to look at all options for supply of housing: infill, greenfields and everything in between.

We think the *Plan for Victoria* is a Melbourne-centric strategy that is not appropriate for the regions. It tries to mandate a 60–40 housing split, when in reality in the regions we are doing 90–10. When you look at that on the right-hand side of this graph, that requires a 1000 per cent increase in infill housing. That is just impractical and unrealistic in the short to medium term. It is commendable in theory, but it will not happen in the short to medium term. But it also espouses that greenfields development should slow down by 35 per cent. When we are in a housing crisis, that does not seem to make sense.

What the new *Plan for Victoria* asked Ballarat to do is increase housing over the last five-year average by 15,000 houses, so as I said, we are going to need all areas of housing. Over the last 10 years the City of Ballarat has been doing some great work in their growth planning. They have prepared a Ballarat West growth plan. They have got resolutions to commence PSPs and start work there. That background study started 10 years ago. They got council resolutions in 2019, 2022 and 2024 to rezone growth areas because they are ready to bring that on. That work has not been rezoned. It has been stalled with the minister because of the planning of *Plan for Victoria*. And because it directs more housing infill and mandates development away from the greenfields, some of that work has not been rezoned, and the areas that have been rezoned were not meant to be the primary growth fronts. They were complementary growth fronts. They have a range of constraints. The northern growth area is underneath the airport, it is adjacent to the Western Freeway and as a former tip site it has flooding – it is not there to accommodate all the future greenfield growth. So we feel *Plan for Victoria* needs to urgently be amended and softened in the short-to-medium term to allow for some more greenfield developments in the regions and to implement the work that council has done, and it is asking of you to bring on supply in these areas.

Martha HAYLETT: Could I just ask a quick question of you both, just in terms of –

The CHAIR: We want to give the other two the chance to answer and then come back.

Martha HAYLETT: Okay.

The CHAIR: We will get Joe and then we certainly will, Martha. We will give Joe and Ash a go as well. Joe, do you want to jump in? And we will come back.

Joseph van DYK: You go first if you want, Ash.

Ashley HEARD: You are fine, Joe. It is no worry. I have not got a lot to add here.

Joseph van DYK: Thanks for the opportunity, first, everyone. I appreciate it. We understand there is a delivery crisis at the moment, and it is ultimately a cost-of-delivery crisis. The solution to that crisis we believe could be a two-pronged approach. The first is that, in an industry on life support, it needs some form of insulin shot or ability to recover and revive and start to deliver housing, because at the moment the issue is viability. We think there are opportunities for government, because we understand balance sheets are tight and budgets are difficult at the moment, to do that without negatively impacting the government's balance sheet. Some of these items – you know, three or four quick solutions that we think can be implemented without real issues.

The first would be to provide the opportunity for developers and councils, or whoever is the determining authority on a planning approval, to revisit that approval on a financial viability basis. For example, in Geelong at the moment within the ACZ we understand that there are 16 approvals for vertical built form projects but only one is proceeding. Now, we understand the impediment to the others proceeding would be financial viability. That financial viability may come with increased height but also offer the offset for perhaps affordable housing or key worker housing. There needs to be a quid pro quo, and we are fine with that. We think that pre-sales are a really difficult thing to come by at the moment, and sales are difficult. If government was willing to intervene and guarantee some pre-sales to ensure that developers can achieve financial close with a financing provider, that would expedite or increase the velocity of housing supply coming into the market within a timely manner. It does not need to be a burden on the government's balance sheet. Government loans to developers on a similar basis – you know, BBSY plus a small margin – would allow developers to proceed with projects where otherwise financial impediments may exist. Then also perhaps the direct funding of enabling work – Anton and Nick have a trunk sewer main, which is an enormous cost impediment. We understand this is

working well in other states at the moment – government comes in and funds that trunk infrastructure. Whether it be undergrounding of powerlines, road widenings or increasing sewer main size and capacity, that sort of impediment can remove years off a developer's timeframe to commencing works. Those sorts of measures we believe can be really short term but have immediate impact on the delivery of the supply and ultimately the sentiment of both developers and the retail buyer market, which is who we are trying to reach.

We then think there are another raft of solutions which could be more long term, and that is in the introduction of ultimate discretion in planning outcomes or planning matters for the department or the responsible authority to test financial viability of a project, to ensure that it is financially viable to deliver on its current basis – on the application basis – or at the point at which a notice of decision is made. In our case we would be happy to go open book on that sort of solution.

The CHAIR: Ashley, any thoughts on that question, which seems to have been asked ages ago?

Ashley HEARD: From our point of view – we are obviously detached the development side of things, but having worked with a couple of developers recently, we have found that the timeframes from getting the nod to a project and then actually getting it to contract have been a couple of years, just for a construction contract. We have also lost a couple of projects that have gone to city-based builders – you know, out in Hamilton, for example – and we feel that trying to keep some of these projects more localised would unlock a lot more capacity in the regions as well and just keep things moving a bit more efficiently and keep the work local.

The CHAIR: Terrific. Martha.

Martha HAYLETT: I just want to ask you too: in terms of the 10 per cent, 90 per cent, what would you see as the perfect percentage in your mind, in your patch, obviously, but more broadly in rural and regional Victoria? Because it has obviously in your opinion gone too far the other way. What would you say is the perfect balance?

Anton POUND: I will start by saying I think that the – sorry, Jordan?

Jordan CRUGNALE: And then the transition time, I guess, too.

Anton POUND: Well, that segues beautifully into how I might answer that. I think that the underlying premise is that we need to leverage our cities, whether that be Melbourne, Ballarat or any regional area for that matter, leverage the infrastructure of those cities – leverage them better, no question. So, over time, transitioning to a market that has much more infill housing is a sensible approach. It is how we get there, given that our market has been, since the 1950s, when we had land estates and volume builders, hooked up, and the DNA is around house and land packaging. If I just draw your attention back to the slide I talked about before, yes, it is a drastic jump. I have got this in my slide pack; this is slide 14. If we said, 'Okay, these are the same numbers, 1850 homes, and we are starting it today' – let us assume that the market is there, the demand is there – and we started at 10 per cent and we transitioned over the *Plan for Victoria* period of 25 years and we said, 'Let's target a 50–50, but we can't get there overnight, because we're changing a way the whole industry delivers homes,' then that would probably be more realistic, knowing that in the next five to 10 years, as the market transitions, that greenfield area has got to do the heavy lifting.

Importantly, based on these volumes that all these government documents are talking to – 1850 homes – and if we said, 'This is the split between infill housing and greenfield housing,' we have got about five years land supply in Ballarat, currently zoned, that is developable. If you take away all the lifestyle properties that are uncommercial and land that cannot be serviced, there is about five to six years of land supply in Ballarat. Now, the government introduced a 15-year mandate – I am going back to Mary Delahunty as the planning minister in the early 2000s – that you need to have 15 years of zoned land supply in any growth market in order to avoid affordability issues going out of control. We have currently about five or six. I would argue till I am blue in the face that we have got a serious affordability issue going on in Ballarat right now. It costs, for about a 450-square-metre block of land, \$300,000. It is about \$50,000 more in Ballarat than it is in Bendigo. Why is that? Because we have got a shortage of land. I think the genie is out of the bottle. It is very hard to pull prices back; our banking system will not allow that to happen. However, we can stop that \$300,000 getting to \$400,000, and that is what our task should be – to slow the rate of increase of housing affordability issues arising. That is pure supply and demand – we are out of equilibrium – therefore freeing up more zoned land. As Nick said, the council has done an enormous amount of work identifying these new growth areas and how and when they can

happen. They have been held back because we are trying to hold on to a notion that so much infill development is going to take place like that, when it will not. It is going to take time, because this is a reorganisation of the entire market. It does not happen overnight.

Nick GRYLEWICZ: Off the back of all that work that council does –

The CHAIR: And we have got council coming in later today.

Nick GRYLEWICZ: strategic planning, we are asked to go and invest in these areas and bring on housing. So we have done that off the back of council resolutions, and now *Plan for Victoria* is pushing development back in town for the next 26 years. To come back to your point, Martha, I think it is a capacity issue for each town. *Plan for Victoria* asked Ballarat to do a house in two out of every three backyards. Now, it does no capacity assessment around: is there space for that house? Is there access? Does it affect vegetation protection overlays? Is there the infrastructure there to bring it on? And will the mum and dad actually do it as a developer? So for those reasons we cannot see that supply coming on as quickly as what is needed, and therefore you need the greenfields to support if we are going to increase housing.

Martha HAYLETT: Are you able to touch on that small-lot housing code a little bit more too, Nick? Because that is an interesting recommendation for this area as well.

Nick GRYLEWICZ: Sure. In a lot of growth areas there is a small-lot housing code attached to the precinct structure plans; in Ballarat and other places it is not. So when we are looking to deliver more one- and two-bedroom households – and that traditionally, for it to be viable, needs to be on smaller lots – in some of our growth areas we are not allowed to subdivide under 300 square metres, whereas in Melbourne and Geelong and other places that can be delivered. So what is happening on those smaller blocks is they are delivering three and four households and not the one and two because of the yield and return. So we have made a recommendation there that the small-lot housing code should apply to all the regions and growth areas.

Anton POUND: We have got a project at the moment called Alto in western Ballarat that has blocks down to 226 square metres; so they have the small-lot housing code applied to those, whether it is a small lot type A or type B, and it basically affects your ability to reduce front setbacks to the garage and to the house and various side setbacks and so on. So it does mandate what requirements there are in terms of siting a home on a smaller block so that you keep amenity issues acceptable. It is very, very reliant on the builder community to have product and stock that you can drop on that block. So you do not have to go and redesign a home from scratch and pay an architect and a team of consultants that just simply put the cost of home up. Builders A, B or C have a product that can fit on those small blocks, and we are talking blocks of, you know, 10.5 metres by 21 metres deep – small blocks for small households.

The CHAIR: I would be interested in hearing from Ashley. Are people opting for smaller homes? Do GJ Gardner have orders on the books for smaller properties? Are you seeing any changes?

Ashley HEARD: Yes, we are – just a few. Three houses we have just recently completed in Hamilton on small lots for single elderly women who do not want a very big block at all; they cannot maintain it. So yes, we have definitely noticed that trend coming in. Just going on the back of what Anton just mentioned, because our company does not see many of these smaller house lots we do not have product available typically because it is not really something that is in our area. So if we do know that land is going to be reduced, we can have product available there for people just to go on with. But at this point our designs are really focused around 400-square-metre lots and up from there, so if we do notice a trend going in that direction we will get some product available.

The CHAIR: Terrific. Other questions? Jordan, do you have a question?

Jordan CRUGNALE: Yes, and thank you for coming today. In order to transition to the 60–40, what kind of incentives do you think the government should consider for that infill aspect for towns?

Nick GRYLEWICZ: I think they should continue with planning reform to make it easier to do infill. Multilevel is really hard at the moment in Ballarat; it is a risky business. As you said, the financing, the pre-sales – all those things are very hard. I think there is a misconception, though – *Plan for Victoria*, as I said, is a Melbourne strategy, and it talks about sprawl in Melbourne. Sprawl does not exist in the regions. We are

talking about growth areas that are closer than Carlton and Richmond, so when we talk about greenfields versus infill it is not appropriate in the regions. The bones are there. The regions can take this growth – we can assist Melbourne with growth – but we should not be put in that same bucket of an hour to 10 minutes, so I would ask you to consider that when you are doing your final report.

Anton POUND: To build on that, if you take the Melbourne example of a fringe suburb versus a middle-ring suburb – let us talk about Clyde versus Glen Waverley.

The CHAIR: And Clyde is in Jordan's patch.

Anton POUND: Clyde is obviously in the outer south-east, City of Casey, one of the growth corridors of Melbourne, and to buy a house and land package out there might cost you \$700,000. So why don't we all live in the middle suburbs or the inner suburbs? That would be, say, a townhouse in Glen Waverley halfway into Melbourne in the south-east – that is going to cost you \$1.5 million. The townhouse is going to cost you \$700,000 and it is probably an additional 45-minute drive in traffic, whereas, as Nick says, in Ballarat we are talking about an extra 5 minutes in the car.

So people are not going to pay extra. As I said before, to buy a house and land package on the Edge is, say, \$600,000 in Ballarat, or I might have to buy an apartment in the middle, which is over \$1 million now for a two-bedroom apartment. Even a townhouse in an inner suburb in Ballarat might be \$800,000. A customer is not going to pay an extra \$200,000 just to spend 5 minutes less in the car, particularly when you also think of the layer of public transport. A big metropolis like Melbourne is well serviced with trams, trains and buses. Ballarat has two train stations that get you in and out of Ballarat; they do not get you around. There is no tram and everyone complains about the bus service. So a household's ability to drop a car because they are relying on public transport is not there, because the public transport cannot be relied on to support a whole family, whether that is school, sport, work or your daily life.

Jordan CRUGNALE: Thank you.

The CHAIR: Wayne.

Wayne FARNHAM: Thank you, Chair. Just for context, I used to be a builder for 30 years on smaller developments, and actually one thing I probably want to lean into here is the speed at which we can get approvals out through council. Now, through the community that I talk to, the one thing I always hear is the relevant authorities are pretty difficult to deal with and get the approvals out. I am assuming it is probably similar up this end of the woods as it is – I am from Warragul and Drouin, so we have those issues down there. Where do you think we need to get improvement from the relevant authority, especially when you are trying to get a development through? Some developments can take years now, which then hampers supply. What do you think a fair timeframe is for relevant authorities to get back to council to get the approvals done? I am hearing you can ask a question of Melbourne Water down my way and you will not get an answer for nine months. So where do you think we need improvement on that – because this all impacts supply at the end of the day, so what do you think a good timeframe on that is?

A member: One day.

Anton POUND: Well, I would have thought 30 days would be a reasonable response time for anyone in business – and we are talking with some of these planning issues of big issues, and you have got pages and pages of questions, but why can't people get back in 30 days? I know everyone is resource challenged, but given the cost of the delay ends up on the consumer's bill at the end of the day, because it is the cost of producing the home or the block of land or whatever – it just goes to the consumer at the end of the day, and that is what is driving up the cost of housing.

Wayne FARNHAM: My other point to this strategy that has been put forward to Ballarat: does the local planning scheme allow for the infill to happen, with all the overlays that are going on? I mean, we have heritage overlays, we have flood overlays, you have got all these overlays now. The 60 per cent infill – basically Ballarat's local laws are overlays; do they actually support that amount of infill? To me it is no use implementing something if the local scheme does not support it. And if so, how much infill would actually realistically be available in Ballarat with all the overlays that exist?

Nick GRYLEWICZ: In the last few weeks clause 55 and 54 updates in the planning scheme to make it easier for developments in town – they do not apply to Ballarat because of those overlays you just talked about. I believe there are only two suburbs that are now free. It has made it easier to do development, but only in two of our suburbs because of those overlays. So that shows you that there are issues in getting that supply in the regions. Joseph is probably good to talk to all those overlays that do – going back to your point, I believe every authority should have standard conditions, and they can add further conditions, but when the councils refer out to them, if they do not respond in 30 days, that officer takes the standard conditions and puts them on your permit. They will soon update. They will soon get back to you pretty quickly if they are missing out on stuff.

Wayne FARNHAM: So automatic approval after 30 days?

Nick GRYLEWICZ: But still with their standard conditions. But if they are looking for other stuff – because it is a case-by-case basis, we get it – you have got 30 days to respond.

Wayne FARNHAM: Do you find the authorities chuck out an RFI last minute to extend the timeframe?

Nick GRYLEWICZ: All the time, absolutely.

Wayne FARNHAM: And council?

Nick GRYLEWICZ: Yes.

Anton POUND: That is a tactic that has been there for 20 years, though.

Wayne FARNHAM: So it needs to be reformed so we can get supply and we can get things moving.

Anton POUND: Aside from the planning constraints, Wayne, that surround the suburbs to get the infill, it is actually the availability of the sites themselves. We are talking about 1100 homes a year in Ballarat to be supplied in the infill area – if 60 per cent are going to be done in infill – those sites just do not exist.

Wayne FARNHAM: Do we even have the builders to do that many?

Anton POUND: You have got to have the consumer wanting to buy that product. You have got to have the sites available to deliver that – and as time goes on, those sites dry up. And then you have also got to have the builder and developer community or practitioners there wanting to be in that sector and in that market, which there are not that many of at the moment.

Wayne FARNHAM: Well, I think we have got about 6000 registered builders in Victoria at the moment. So again, it comes down to we can put all the things on a wish list we want, but do we have the resources to actually do it at the end of the day?

I do not know the Ballarat area that well. I do not know how many registered builders are in Ballarat, whether there are 400 or 500, but do you think there are the actual resources to deliver what this plan says?

Anton POUND: Well, historically the demand has not been there, and that is very heavily guided by affordability. That home in that middle suburb costs you a lot more than the home on the Edge, and people say, ‘I am not going to go for that, because I have moved to a regional town. I want a bit of open space. I want a detached home. I don’t need 1000 square metres. I can just have a little bit of a backyard, and I can go to a volume builder and they can build that for me for \$2,000 a square metre. I don’t have to pay a team of consultants, find a builder and a three-year project and pay twice.’

Wayne FARNHAM: I will just go to Ash. How many infill sites would you do compared to greenfield?

Ashley HEARD: Probably about 10 per cent.

Wayne FARNHAM: 10 per cent?

Ashley HEARD: Yes, in our areas.

Wayne FARNHAM: So about what it is. Basically what it is now.

The CHAIR: The 10 to 90.

Ashley HEARD: Yes.

Nick GRYLEWICZ: Wayne, growth planning is very protracted. It takes a long time. Sometimes from council work before we deliver houses is between 10 and 12 years, so that is why we would encourage you to get on with the rezonings with the precinct structure plans. They take four to six years alone: two years for us to get a permit, a year to build the roads, a year to build the houses. You are talking a long time. So one of our recommendations is if the project meets certain criteria, they can be proponent led, because there are shovel-ready projects that can help with supply right now. We have two, one in Ballarat and one in Torquay, that through the development facilitation program of the state have identified them as projects of interest, but they are currently stalled because of *Plan for Victoria*. There are shovel-ready projects that are no cost to the state and no cost to the local government, and they can be brought on very quickly because the work has been done, whereas a lot of this other work is still required and is four, six, seven years away.

The CHAIR: You go, Anton, and then I will ask.

Anton POUND: In your first session – I sat through and watched that online – you heard from out at Colac, from Wannon Water and all the water authorities. I remember they quoted on the day, saying, ‘It takes us three years to deliver the infrastructure.’ So to Nick’s point around rezoning, they will not look at a site to provide – ‘Oh, we have to put a pump station and a sewer servicing that land’ – until the land is rezoned. It is three years before that land can actually be developed because that sewer does not exist. So it is such a lead time not just from acquisition of land and so forth but service infrastructure is enormously slow.

Wayne FARNHAM: So coming back to Joseph’s point, when he says the government should start to invest in the trunk infrastructure basically, upgrades of sewers and stormwater or whatever, to get development going, you would be in agreement with Joseph on that?

Anton POUND: Yes. And the starter’s gun for that is rezoning. Start rezoning and then everyone goes and does their thing. The service authorities will say, ‘Right, we have to service that land,’ and developers will start to acquire the land, knowing there is certainty around when that can actually be developed.

Nick GRYLEWICZ: And those costs are fully recoverable to the state. So some of that trunk infrastructure is big up-front, but in the scheme of it you are unlocking 25,000 to 40,000 houses – it is \$2000 to \$3000 per house, and it is recoverable as those houses come in.

Wayne FARNHAM: Do you think a fee structure could be put in place? Let us say if state government invested in that trunk infrastructure, do you think a fee structure could be put in place so that when you guys settle a block, then you could contribute to that on settlement rather than up-front?

Anton POUND: The developers do it on a staged basis. If we have got a thousand lots and we deliver 50 blocks up front, those 50 blocks will pay their per-lot charge.

Wayne FARNHAM: But you have to pay for that infrastructure up-front before you –

Anton POUND: That is the water authority’s infrastructure that gets delivered, yes, aside from the stuff that we deliver on our projects.

Nick GRYLEWICZ: I think that big major trunk infrastructure could be funded through super funds if the state cannot do it as well. Because it is cost-recoverable, they would look at those investments – and they are required across the whole state. That is what has stalled housing a lot.

Wayne FARNHAM: I had better give someone else a go, because otherwise we could go all day.

The CHAIR: You always ask really good questions, so that is good. I just want to shift direction a little bit. I know from being the local member in central Ballarat that we have a thriving multicultural population, Nick, and I know that Integra does great work with our Indian community. What I am really interested in, when we talk about land supply and availability of properties to be built, are the benefits that has for the broader community. I would be keen to hear from any of you: who are buying these new houses, what are our new

communities in our growth zones looking like and what are the benefits that that is providing to regional communities? Nick, what do you think? Who is buying in Integra?

Nick GRYLEWICZ: Predominantly buyers in Ballarat moving from Melbourne are from our Indian Australian communities. They are great people to have in our new master plan communities. They assimilate really well. They like to live together. When they move, you often get five or 10 of these families moving into the same suburbs. They contribute to our community events. They do like multiliving. They do have larger families, so sometimes they have bigger houses and requirements for bigger lots. I know the state is doing some work around backyard aging in place so you can have the grandparents in the backyard and the families in the front. All those reforms are really good; we support them. We are now looking at our lot mix. We have got up to 15 different product types to suit first home owners through to large families through to downsizers through to aged and senior living, so there are a whole diversity of lot types we deliver. Then it is the builders' role to implement that, because we do not build. We are land developers. We deliver master plan communities, and the builders and the purchasers do that housing product.

The CHAIR: I am keen for Anton to answer about what is happening in Delacombe as well with people buying on his developments. When you are talking to these community members, do they want to live in central Ballarat, or do they want the new build? What are you hearing from people in terms of –

Nick GRYLEWICZ: People moving to the regions want land in my opinion. They are looking for a relaxed lifestyle. They are looking for great schools and hospitals. They are looking for land. They are looking for affordability, and that is why they come to us. We do a lot of work around creating new communities and community consultation and that sort of stuff.

The CHAIR: Anton, what is happening with you?

Anton POUND: The same. People who live in our projects – and I am sure Nick would be saying the same thing – like where they are. They are not saying, 'Oh, gee, I wish I lived closer to the town, knowing I would have to either spend more money or sacrifice space.' They have got sizeable families and they are where they want to be, and the amenity is there. In our Alto project we are right between a creek corridor that is fully established and a shopping centre, and so they have got everything at their doorstep. It is not like they are spending the whole day in the car, because the way in which the structure planning is done, schools, retail, sports facilities and open space are delivered in all of these structure plans. It is not that it is just all homes and you have got to get in your car and drive 20 minutes to go and pursue anything other than your house. As far as the communities go, I would echo what Nick is saying about who this buyer cohort has been over the last five years, and they are very community-based. You just have to drive up and down the street, and they are out in their communities hanging out with their neighbours. They are not locked away behind a locked door; they are very involved.

Martha HAYLETT: Can I ask a question just in a bit connection to yours, Juliana. Yesterday we caught up with Mount Alexander shire, and they were talking a lot about how in their shire most of the housing is three- or four-bedrooms but actually the demand is for one- and two-bedrooms. I hear that across the nine councils that I represent in Ripon. Constantly people who have lived on farms their whole lives want to move into town, but there are not the one- or two-bedrooms for them to move into. So the demand is very much there, it seems, especially in the rural areas, for one or two bedrooms. As developers and builders, are you looking more into those options for one- or two-bedroom homes rather than those bigger homes? Obviously there is need for the bigger ones as well, but can you tell us a little bit about your plans for some of those smaller places?

Anton POUND: To get down to the really small end on a block of land with a detached home is a challenge, there is no question about that. We get down to 226 square metres for a block of land, and then people can build up any home on that that would fit on that block of land. The challenge is also around the investor or the person who buys that block of land and then invests in a home – they are typically going to borrow some money, and the bank is going to value that property. If they build a one-bedroom home on that, they are going to have problems with the valuation of that property. So simply from an economic point of view – and most of Australia has got a mortgage – there are challenges around the really small homes, the one- and two-beds. But we do have two-bedroom options on some of our blocks of land.

Martha HAYLETT: So how do we address that issue for you as developers? Because if our communities are saying, 'We want one-bedrooms, we want two-bedrooms,' but you are saying it is really difficult economically for you to do that, how do we how do we address that gap?

Anton POUND: That is a challenge. It is a key challenge.

Nick GRYLEWICZ: I think some of the funding for your affordable and social housing strategies is the way to deliver it from an affordability point of view. Some of those people coming off farm are still looking for a bit bigger one or two – they want the entertainer's kitchen, they want the walk-in pantry, they want a good master bedroom – whereas I think the councils and the housing groups will be telling you at that lower end of the market we need more one and two, really affordable stuff. That is where the Small Lot Housing Code and some smarter building designs and some funding help will help.

Martha HAYLETT: Yes.

The CHAIR: Joe, can you jump in?

Joseph van DYK: To add to that, I agree with what Nick is saying. Some of the key worker housing funding and affordable housing funding would really assist in that. In our experience, yes, there are people out there looking for that sort of housing. They are typically less confident in making the decisions to progress their own design for that sort of house independently of having someone build it. There is a role to play in between, which almost is calling for speculative construction of housing – of one- and two-beds. That is where I think some of the recommendations we made earlier about either government guaranteeing a portion of pre-sales or incentive development loans to facilitate that sort of housing would give developers the confidence to proceed and build some of that speculative housing. But yes, in addition to key worker housing or downsizer housing funds, that would play a key role, I think.

Nick GRYLEWICZ: There have been a couple of rounds of the Housing Australia Future Fund and the local funding, and the regions have not got much yet, so we should be getting more. I think there is a priority – there is a real need and demand from these housing groups. So I think that is something that we could push for.

Wayne FARNHAM: I just want to come back to –

The CHAIR: Can we just ask Ash? I am conscious – Ash, who is building a GJ Gardner home? What is the demographic? Who are your customers?

Ashley HEARD: For us in our region it is mainly four-bedroom larger lifestyle homes at this point in time. However, we have just come off a project of 16 one-bedroom affordable homes in Ararat and those few that I mentioned earlier in Hamilton. But the challenge we find with the smaller designs is that they just cost so much more per square metre to build. So the affordability is a huge challenge. Valuations do not stack up. There are so many stagnant costs in the build process that are spread out over a bigger home than a smaller one.

The CHAIR: Have people got that eye on resale, that they may only need a certain size of house – they are worried that they may as well put the extra bedroom on because of resale?

Ashley HEARD: I think that has gone by the wayside. It used to be that way, but it is probably getting to the stage now where they are actually just dropping off. They are just not going to take that step now. They are not redesigning the house to make it affordable, they are just either going to go or they are not going to go.

Wayne FARNHAM: Joseph, earlier you mentioned that councils should work with developers more to get projects more viable, essentially. Now, I am not sure of the by-laws here, but this council here might only let you go five storeys high. My interpretation of that is that that would allow you to go to six or seven storeys high so the development becomes viable. Would that viability come back to a cost saving at the end of the day for the consumer, or is it just making it viable so a developer is interested in the project?

Joseph van DYK: I imagine it would, because if you have a cost base spread across 20 homes but you spread that cost base across 30 homes the cost to the consumer would probably at least stabilise, if not appreciate a little bit. It comes down to confidence to proceed, because if there is no home being built, then it is implicit that the prices will continue to rise and become more unaffordable, whereas if five dwellings are the

difference between a project progressing and not, then that developer is going to be willing to, if their cost base is reduced, have the ability to perhaps sell them at the same or lower prices than they would have otherwise.

Wayne FARNHAM: Are you finding the purchasers on your developments would not necessarily be first home buyers but probably people downsizing and coming to ‘Well, I can’t be stuffed mowing the lawn anymore; I’ll buy an apartment’?

Joseph van DYK: Yes, there is definitely a mix, but we are seeing a definite demand from people looking to downsize or rightsize from higher maintenance properties on large blocks of land and seeking amenity in town. But there is definitely demand from a proportion of first home buyers, predominantly singles or young couples, looking for dwellings in parts of town as well. We think there is pent-up demand in this location. It is just that, as I said before to Martha, there is not the volume of product being delivered. Now, is that 60 or 40 per cent? I do not know. I think any requirement for that should be transitional and aspirational. But we think if more housing was built in inner areas, then it would be absorbed quite quickly.

Martin CAMERON: Listening to you all talk today – and we are talking about wanting to build more affordable housing, one- and two-bedroom apartments – is it at the point where it is not affordable? Is the use of affordable housing covering up how expensive it is to build these one- and two-bedroom apartments?

Ashley HEARD: I would suggest from my opinion that it is getting out of hand costwise – unaffordable. Again, a lot of the one- or two-bedroom sites that we do see are infill sites that have challenges and extra costs. Like these guys said earlier, it is double the cost to build on an infill site, partially because the few that we do, being a volume builder, it is just more challenging for us than a standard standalone builder. For a standalone builder, they have generally got higher costs and more challenges than we do as opposed to building greenfield. So those initial costs and going to a more localised builder just increase costs as well. The 60 per cent you were talking about earlier and, as you mentioned earlier, ‘Are there builders to do that work?’ – I do not know the Ballarat market all that well in that space, but I would challenge that as a definite no.

Anton POUND: Just broadly, if there are two parts to a house – there is the house, there is the construction component and then there is the land component. The construction component – we have got a lot of builders. It is very competitive. The building code tells you what you can and cannot do. Obviously, those standards go up over time – seven stars and so forth. That is a pretty efficient market at the moment, you would have to suggest, even in the regional areas, particularly in bigger cities. The land component is the area where we as probably a smaller localised area can have an impact, and slowing the rate at which the land value goes up is pretty key. That is a supply and demand issue, which I was talking about before. We cannot take 20 per cent off the construction costs. There is labour. There are materials that are imported and all that sort of thing. That cost structure is quite established. There are the taxes that go into it of course, but as a sector, it is very hard for us to reduce those costs. What we can do is reduce the rate at which the land value goes up. Land in Australia is very expensive and has been going up in the last 10 years. Obviously across the country land values have increased significantly. I think our efforts need to be poured into slowing the rate at which that land value goes up, and that is around supply and demand.

Wayne FARNHAM: Can I just ask a question. On your developments, when you have put your contract out, your contract will have caveats in there about what size house you can put on a block of land. You might say the minimum house requirement is 160 square metres. Bearing that in mind – I do not know what your contracts are like obviously; I have not bought a block of land off you – especially where you have got those smaller type blocks – 226 square metres, I think you quoted was the block – what is the caveat on that as per the smallest house you can put on it?

Anton POUND: We have minimum home sizes. Under 300 square metres the minimum home size would be about 130 square metres under roof. That includes house, garage, porch and anything that is under the roof. That is quite a small home.

Wayne FARNHAM: Yes. You are getting down to about under 10 squares or somewhere around that of living space.

Anton POUND: ~~Eleven or 12 squares.~~ Correction: 130sqm = 14 squares.

Wayne FARNHAM: What about on your bigger blocks?

Anton POUND: It is 170 square metres. We are not mandating that you have to go and build the 35-square thumper. It is 170 square metres on a block over 300 square metres. We are mindful that people are not able to build big homes and do not always want to.

Wayne FARNHAM: In your development the bigger the block gets, essentially, the bigger footprint the purchaser can have on the property.

Anton POUND: Yes. We are trying to make it aspirational, so when you drive down you have got a nice streetscape, you have not got this block with a shed on it, because you have got other people who are buying into that estate who want to have security around their investment and to know what it is going to look like, without creating a hurdle that is too high for consumers saying, 'Oh well, I can't buy it. I don't want to build a 280 square metre home.' So we do not create that requirement.

Wayne FARNHAM: Do you have any options in there where people who buy a block could, say, put a modular home on there?

Anton POUND: There are some requirements about kit homes and second-hand materials and those sort of things.

Wayne FARNHAM: I appreciate the second-hand materials, but do you have anything in there where you say, 'Okay. On these smaller 226-square-metre lots, a modular home could go on it.'

Anton POUND: No problem. You could build a modular home.

Wayne FARNHAM: Yes. Well, that is good.

The CHAIR: All right.

Jordan CRUGNALE: I have got just a quick question just around greenfield sites and block sizes. Is there interest from the market and yourselves to go, 'Okay. There's an 800-square-metre block. We can actually build 10 one- to two-bedroom units on that block, which then caters for people wanting to downsize or whatever it is.'? Would that be \$2,000 a square metre, or does that go exponentially up?

Anton POUND: That would be typically more expensive, because you are not walking into a display home of a builder and saying, 'Here, build me one of those next week.' You are still having to design the attached product, so there would be a cost. That product is going to be a one-off design, typically, and therefore is going to cost more. But obviously the smaller product –

Jordan CRUGNALE: But could you see those happening more on greenfield sites, where within the whole PSP there is 1000 square metres and you can actually do 10? You know, a bit like in Fitzroy. You have got your 10 units or whatever that are beautifully designed and all that, and then you are selling them for, I do not know, \$400,000 or something. Is that return on investment?

Nick GRYLEWICZ: There is a role for unit developments still through the greenfields. I feel like we could be more innovative with our housing around having invisible density, so dual key, dual occupancy, where under one roof you can have a one-bedder and a two-bedder. It is much cheaper to build. Some of those controls you cannot do now. Small lot code addresses some of the stuff you talked about before around building. We have started to take away some of those covenants because the small lot code and the planning schemes already cover that sort of stuff. But there are opportunities with innovation in housing. We like invisible density where it is salt and peppered through the community and they assimilate through the community, not all just in the one spot. But went to the world smart cities conference recently, and safety is a massive thing, so living in those little unit developments, sometimes, you know, there is a real demand for that – same as apartments. So that product needs to be salt-and-peppered through all these greenfields. And as we –

Jordan CRUGNALE: They could be one to two storeys; they do not have to be massive.

Nick GRYLEWICZ: Absolutely, yes – lofts and kids moving out and all sorts of things, and Fonzie flats, they call them, out the back, where they live above the garages.

The CHAIR: Live above the Cunninghams, yes.

Nick GRYLEWICZ: Yes.

The CHAIR: The hour has gone very quickly but your time is really valuable, so is there anything that we have not had the chance to talk about that you would really like us to hear before we finish this session? Starting with you, Ashley: are there any takeouts that you would really want to make sure we have got our heads around?

Ashley HEARD: No, I think the main one for us was just trying to open up more localised construction in our regions. Yes, that was about it.

The CHAIR: Terrific. Thank you for the work that you do. Nick.

Nick GRYLEWICZ: Just to repeat, we do ask you to urgently review *Plan for Victoria* to be a more regional setting, to have a transitional setting. It and some of the other work that councillors have to do off the back of it are very prescriptive. It is dangerously inflexible, and when you need to pivot, if infill is not working and you need the greenfields, pivoting under some of the very prescriptive strategy in that is not easy and will take you four, six, eight years. You cannot turn housing on quickly.

The CHAIR: Terrific. Thanks, Nick. Anton.

Anton POUND: Nothing further I want to add. Conversely, I understand that as a committee you are sitting for a year, over the balance of 2025, so if there is anything further that you require from us such as inputs down the track I am more than happy to provide it.

The CHAIR: Terrific. That is very generous, thank you. Yes, we will be tabling our report in November, and then the government will have six months to respond to our report. We have got more work to do. We will be on the road more, getting to different parts of Victoria, but if there is other information that as the year goes on you think would be worthwhile us considering, please send it through. Joe.

Joseph van DYK: Yes, thanks. Ultimately we have a supply-and-demand issue, and the delivery of housing is by far delivered by the private market, yet the process by which we are dictated is government- and legislation-based. What I am asking for, perhaps, or we are all asking for, is a far more collaborative open dialogue with government and bureaucracy so we can have these opportunities to explain the issues. We are here to deliver the housing, we are expected to deliver housing and we are willing to deliver housing; we are all, I would like to say – I heard the term earlier – compassionate capitalists. If we are given the opportunity and there is the opportunity to collaborate more with government and layers of government, then we will do what we are being asked to and we will do it well; there is a desire to do it well. That would be my first point. The second point would be – sorry, I am taking two points – *Plan for Victoria* could perhaps be slightly more ambitious for regional Victoria, but not in a density situation. But I think there is a lot more capacity in areas like your electorate, Martha, to carry far more housing outcomes which still foster and create genuine communities, and I would like that to be linked to a really genuine Infrastructure Victoria plan.

The CHAIR: Terrific. Thank you very much, everyone. We really appreciate it.

Witnesses withdrew.