



Urban Futures Strategy

Executive Summary

Background Context Report

September 2023

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Why is an Urban Futures Strategy Needed?

Located just 100 kilometres from Melbourne and 20 kilometres from Geelong the Surf Coast Shire is both an area of outstanding environmental landscape importance and among the fastest growing local government areas in Victoria. Most of the growth in population and housing in Surf Coast has been concentrated in Torquay/Jan Juc which, along with Winchelsea in the hinterland, have been the nominated areas for urban growth in Surf Coast Shire.

The growth of the other coastal townships has been and will remain constrained by extreme bushfire risks and growing recognition of the importance of conserving the region's iconic landscape, environment and cultural values.

Looking forward there are, increasingly tight, limits to the ongoing growth of all the Shire's coastal townships including Torquay/Jan Juc.

The Urban Futures Strategy will re-examine population growth and future housing needs in this context. The following questions will need to be answered:

1. What level of population growth should be accommodated in the Surf Coast Shire?
2. What are the options for accommodating this growth, e.g. new subdivisions, higher densities, other?
3. Which locations are suitable for additional growth?

The Urban Futures Strategy will provide a new growth framework for the Surf Coast Shire to guide the provision of future residential land supply and new housing development.

This Background Context report contains information to inform the community discussions that will contribute to development of the Urban Futures Strategy. It summarises the environmental values, risks and challenges that will constrain the options available for future urban growth; sets out the ways in which State Government policies and requirements will feed into and, to some extent limit local choices; provides some basic information on past and forecast population and housing growth; and provides a township-by-township summary of current planning for, and constraints on, future urban growth.

What constrains the growth potential of the coastal townships?

All of the coastal townships in Surf Coast are subject to particular local constraints on their potential future growth. In part these constraints flow from the Shire's unique landscape and environment. In part they are a result of the extreme bushfire risks that are associated with those landscapes and environments. This section of the report provides an overview of the most significant constraints.

The Shire contains a diversity of state and nationally significant environments and landscapes. This includes:

- the iconic coastal landscapes of the Great Ocean Road;
- the Anglesea Heathlands which are among the most biodiverse parts of Victoria;
- the forests of the Great Otway National Park; and
- the varied and attractive landscapes of the Surf Coast hinterland.

The recently approved Surf Coast Distinctive Area and Landscape (DAL) Statement of Planning Policy recognises the importance of the north-eastern area of the Surf Coast in terms of its combination of First Nations Cultural Heritage, biodiversity and outstanding landscapes. The DAL project placed protected settlement boundaries around Torquay/Jan Juc, Bellbrae, Connewarre and Mount Duneed. The approval of State parliament is required before any change can be made to any of the protected settlement boundaries.

Following the 2020 passing of the Great Ocean Road and Environs Protection Act, the State Government commenced work on a Strategic Framework Plan (the Plan) for the Great Ocean Road (GOR) region. The Plan is expected to influence future development in the designated, 'GOR Scenic Landscape Area'. This may include all or parts of Anglesea, Aireys Inlet-Fairhaven and Lorne.

Anglesea, Aireys Inlet-Fairhaven and Lorne also lie within an area of extreme bushfire risk. It is neither appropriate nor permitted by State policy, to direct additional housing and population growth to areas facing extreme bushfire risk.

There is also strong support from the wider community for protecting the coastal landscapes and preserving valued township character.

These circumstances mean that Surf Coast Shire must look at alternatives to the current growth framework which relies heavily on the outward expansion of Torquay / Jan Juc to meet future housing needs.

How much housing growth needs to be planned for?

It is important to recognise that past growth rates, and current forecasts, do not necessarily provide the best guide as to how much future housing demand and urban growth needs to be planned for in Surf Coast Shire.

Past growth was not significantly constrained by the type of 'protected settlement boundaries' that have recently been introduced in the Surf Coast DAL area (and that may be introduced in future for the other coastal settlements in Surf Coast Shire). Until recently forecasts of future growth would also have been heavily influenced by past growth trends.

Looking forward, the Surf Coast Shire is forecast to continue to see strong population growth. The recently released Victoria in Future 2023 (VIF2023) population forecasts indicate that the State Government anticipates the Shire's population to grow from an estimated 37,620 in 2022 to over 45,000 by 2036. This is significantly below the growth rates actually achieved over the last thirty years.

With continued strong growth forecast for both Melbourne and Greater Geelong, the VIF2023 population forecasts may turn out to be an underestimate of future population growth and housing demand in Surf Coast. On the other hand, it is at least possible that an increasingly limited supply of additional housing in Torquay-Jan Juc and other coastal townships could see a reduction in population growth rates below those in current official forecasts.

Dwelling projections that were prepared for Surf Coast Council by consultants REMPLAN forecast growth of an additional 10,731 additional dwellings between 2021 and 2041.

Almost 70% of the forecast increase in dwelling numbers (almost an additional 7,400 dwellings) was expected to be in Torquay/Jan Juc. Subsequent changes in planning for Torquay/Jan Juc (including the DAL protected settlement boundary) mean that there is no longer the capacity for that much additional housing development.

Other coastal locations were forecast to see much less growth. This ranged from nearly 500 additional dwellings over twenty years in the Anglesea district to less than 60 additional dwellings in the Lorne district.

Away from the coast, Winchelsea and environs were forecast to see more than 2,000 additional dwellings, Moriac & Barrabool district almost 130 additional dwellings, and Deans Marsh just 40 additional dwellings over the twenty years.

As part of preparation of the Urban Futures Strategy, the Shire will review population and dwelling forecasts for Surf Coast.

What are the options for accommodating this growth?

Given that the capacity for additional 'greenfield' subdivision in Surf Coast's coastal townships is limited, the Urban Futures Strategy will need to address how best to provide for future housing needs. This might involve a mix of approaches including some or all of the following options:

- some decrease in average lot sizes in new 'greenfield' developments;
- a limited increase in housing densities in appropriate locations within established parts of townships; and
- revised levels of growth for Surf Coast's townships.

Market pressures to keep down the price of 'greenfield' lots is likely to drive an ongoing fall in the size of residential lots in new subdivisions. This trend is already very clear in Melbourne and Geelong growth areas.

The changing housing needs and preferences of some Surf Coast residents may also result in an increasing demand for smaller, medium to higher density, housing. For example, as a result of the population ageing and an increase in the number of single person or two person households it is likely that there will be more demand for town houses, apartments and specialised retirement/aged housing.

As the capacity for additional housing in coastal areas is used up, and housing in such locations becomes more expensive, there is also likely to be a growing demand for housing in hinterland areas that are still within reasonable distance to jobs, facilities and services in larger centres (including those in Geelong).

Community involvement in the development of the Urban Futures Strategy provides an opportunity to properly consider, and develop strategies to manage, the potential impacts of these options.

Initial observations about growth capacity

As part of the preparation of this Background Context report Spatial Economics has summarised the existing provisions in the Surf Coast Planning Scheme, reviewed recent residential development trends and estimated the capacity for additional 'greenfield' urban growth in each of the Shire's townships (see pages 47 to 88 of this report). These location by location conclusions are summarised below.

The coastal townships

Torquay/Jan Juc

Torquay/Jan Juc has been Surf Coast Shire's major focus for growth (83% of all residential subdivision activity over the five years from 2017/18 to 2021/22).

Residential lot construction has averaged 310 per annum. Of this total 77% was urban 'greenfield' (i.e. new residential subdivisions at normal suburban densities), 12% involved the re-subdivision of existing lots within the established urban area and 11% was in areas zoned Low Density Residential.

Dwelling construction has been equally strong – an average annual growth of 385 dwellings.

Currently Torquay-Jan Juc has the largest supply of undeveloped greenfield residential land in the Surf Coast Shire – an undeveloped capacity of around 2,400 lots. Of this supply two thirds (1,600 lots) are already zoned for residential development. The balance is identified in the planning scheme for future urban development.

The DAL 'protected settlement boundary' limits the capacity for longer term housing growth. Over time this will result in a decrease in Torquay/Jan Juc's share of total new housing provision in the Surf Coast Shire.

Bellbrae

There has been minimal residential subdivision activity in Bellbrae over the last five years and there is no significant capacity for additional residential subdivisions.

From 2016 to 2021 a total of ten dwellings were constructed on existing vacant lots. Some small further increase in dwelling numbers may be possible.

As with Torquay-Jan Juc the DAL 'protected settlement boundary' limits the capacity for longer term housing growth in Bellbrae.

Anglesea

There has been minimal (averaging just three lots per annum) residential subdivision activity in Anglesea over the last five years and the township has no significant undeveloped residential land stocks.

Sites for future housing development will essentially come only from the re-subdivision of existing allotments within the established urban area.

The Great Otway National Park and fire risk limit the capacity for additional growth of the township.

The former Alcoa lease land will primarily be managed for a combination of conservation and 'bush tourism' purposes. The Anglesea settlement boundary will not change.

Aireys Inlet-Fairhaven-Moggs Creek-Eastern View

Over the last five financial years an average of five additional residential lots were constructed per year in the Aireys Inlet/Fairhaven/Moggs Creek/Eastern View area.

There is very limited potential for additional housing development within these townships. There are no significant undeveloped residential land stocks and, as with Anglesea, any sites for future housing development will come only from the re-subdivision of existing allotments within the established urban area.

As with Anglesea, the Great Otway National Park and fire risk limit the capacity for additional growth of the township. The Shire is strongly committed to containing future development within the existing township boundaries.

Lorne

Lorne has very limited capacity for future growth and the town has no significant undeveloped residential land stocks. There has been virtually no residential subdivision activity in Lorne since 2018/19.

Land for future housing development will essentially be sourced from the re-subdivision of existing allotments within the established urban area.

The Great Otway National Park effectively surrounds the township and extreme bushfire risk limits further urban growth. As with Aireys Inlet-Fairhaven, the Shire is strongly committed to containing future development within the existing township boundary.

Hinterland Townships

Winchelsea

Over recent years Winchelsea has seen significant residential subdivision and housing construction activity both to the south and the west of the township. Winchelsea is likely to continue to see strong housing growth.

From 2016 to 2021 there were on average 37 additional dwellings constructed per year.

Over the last five financial years an average of 42 residential lots were created per year. Of this total, 57% was construction of greenfield housing estates, 28% involved the re-subdivision of existing lots within the established urban area, and 15% the creation of larger lots in areas zoned Low Density Residential.

Winchelsea has significant stocks of undeveloped residential land (an estimated potential for around 725 additional lots). Of this potential future supply, 220 lots are currently zoned for development at normal suburban densities and 74 lots are zoned for low density residential development. An additional 430 lots are currently unzoned but identified in the planning scheme for future urban residential development.

Moriac

Moriac has limited short to medium term growth capacity due to the lack of reticulated sewerage infrastructure.

Since 2020/21 a total of 56 residential lots have been constructed, all of which were zoned Low Density Residential. A total of 31 dwellings were constructed within the township from 2016 to 2021.

The supply of undeveloped residential land within the settlement boundary is limited and minimum lots sizes are large enough to provide for onsite treatment and disposal of effluent. There are very few existing vacant residential lots.

Provision of a reticulated sewer system would require a scale of development (between 600 to 800 lots) that is inconsistent with community sentiments regarding future growth. This is not supported by existing planning policy.

Moriac's attractive townscape and surrounding environs, together with its location close to both Geelong and Torquay-Jan Juc, is likely to ensure an ongoing demand for an increase in land supply.

Deans Marsh

The Surf Coast Planning Scheme does not identify Deans Marsh for significant growth. Deans Marsh has seen no residential lot construction over the last five financial years and has very limited potential for future growth.

There are a small number of undeveloped residential lots in Deans Marsh. This provides capacity for approximately 30 additional dwellings.

The lack of reticulated services and limited demand mean that only slow and very limited new housing construction is likely. Deans Marsh will remain a small rural village.