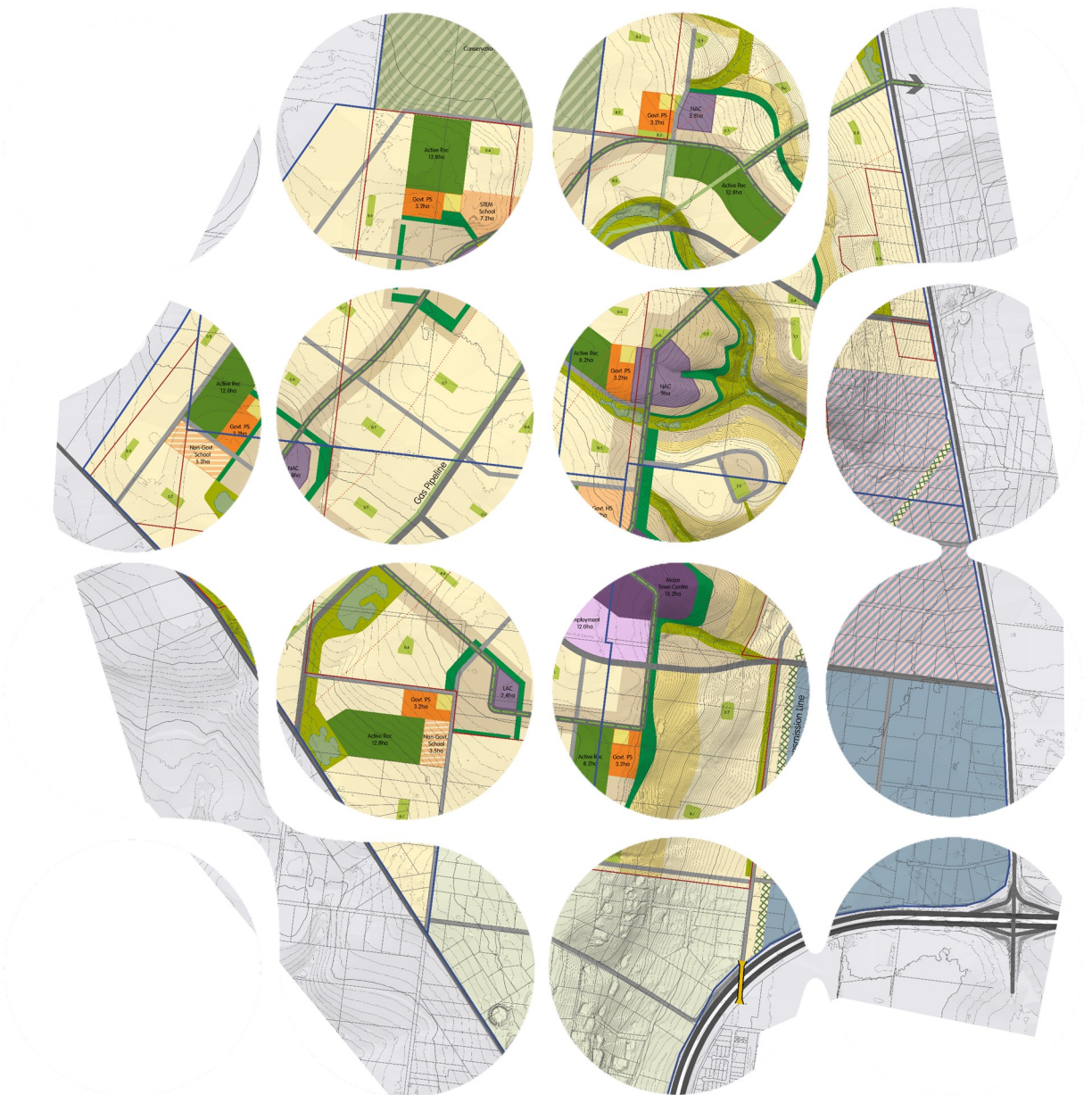


Economic expert witness statement

Greater Geelong Planning Scheme Amendment C395
Greater Geelong Settlement Strategy
Northern and Western Geelong Growth Areas Framework Plan

Prepared for Lovely Banks Development Group
6 November 2019



Deep End Services

Deep End Services is an economic research and property consulting firm based in Melbourne. It provides a range of services to local and international retailers, property owners and developers including due diligence and market scoping studies, store benchmarking and network planning, site analysis and sales forecasting, market assessments for a variety of land uses, and highest and best use studies.

Contact

Deep End Services Pty Ltd
Suite 304
9-11 Claremont Street
South Yarra VIC 3141

T +61 3 8825 5888
F +61 3 9826 5331
deependservices.com.au

Enquiries about this report should be directed to:

Matthew Lee

Principal
matthew.lee@deependservices.com.au

Document Name

LBDG statement - Greater Geelong Am C395 expert evidence
economics - M Lee - 6 Nov 19.docx

Disclaimer

This report has been prepared by Deep End Services Pty Ltd solely for use by the party to whom it is addressed. Accordingly, any changes to this report will only be notified to that party. Deep End Services Pty Ltd, its employees and agents accept no responsibility or liability for any loss or damage which may arise from the use or reliance on this report or any information contained therein by any other party and gives no guarantees or warranties as to the accuracy or completeness of the information contained in this report.

This report contains forecasts of future events that are based on numerous sources of information as referenced in the text and supporting material. It is not always possible to verify that this information is accurate or complete. It should be noted that information inputs and the factors influencing the findings in this report may change hence Deep End Services Pty Ltd cannot accept responsibility for reliance upon such findings beyond six months from the date of this report. Beyond that date, a review of the findings contained in this report may be necessary.

This report should be read in its entirety, as reference to part only may be misleading.

Contents

1	Introduction	1
1.1	Background	1
1.2	Instructions	2
1.3	Approach	3
1.4	Expert witness details	3
2	Am C395	6
2.1	The amendment	6
2.2	Settlement Strategy	6
2.3	Framework Plan	8
2.4	Technical studies	16
2.5	Summary	19
3	LBDG submission	20
4	Creating Mixed Use Walkable Neighbourhoods	22
4.1	Introduction	22
4.2	Approach	22
4.3	Catchment identification	25
4.4	Residential yield	27
4.5	Population outcomes	28
4.6	Supermarket floorspace demand	30
4.7	Comparison of scenarios	32
4.8	Summary	35
5	Delivery and Sequencing	36
6	Conclusions	38

Appendices

Appendix A Curriculum vitae for Matthew Lee

Tables + Figures

Table 1—Estimated dwelling yield	28
Table 2—Estimated catchment population	30
Table 3—Supermarket floorspace demand	31
Table 4—Proportion of precinct population within 1km of a neighbourhood centre	33
Figure 1—NGGA Future Urban Structure	10
Figure 2—NGGA Housing	12
Figure 3—EE Centre Location Analysis	17
Figure 4—EE Four Centre Scenario	18
Figure 5—Nott Neighbourhood Centre Catchments	19
Figure 6—Activity centre network Framework Plan	23
Figure 7—Activity centre network LBDG submission	24
Figure 8—Framework Plan – neighbourhood catchments	26
Figure 9—LBDG network neighbourhood catchments	27
Figure 10—Average household size in growth areas (2016)	29

1

Introduction

- 1.1 Background**
- ⁰¹ I have been instructed in this matter by Maddocks, acting on behalf of Lovely Banks Development Group ('LBDG'), a consortium representing land owners within the Northern Geelong Growth Area ('NGGA').
- ⁰² LBDG controls, through direct ownership or other agreements, approximately 1,090ha of land within the NGGA, representing more than half of the total gross area of land within the precinct, and around 65% of the land available for residential development (ie excluding land designated for employment, future employment and conservation).
- ⁰³ This statement has been prepared to assist the Panel that has been formed to consider Amendment C395 ('Am C395') to the Greater Geelong Planning Scheme ("Scheme").
- ⁰⁴ Am C395 affects future development within the NGGA by implementing two recent strategic planning studies prepared by the City of Greater Geelong:
- The Greater Geelong Settlement Strategy ('Settlement Strategy'); and
 - The Northern and Western Geelong Growth Areas Framework Plan ('Framework Plan').
- ⁰⁵ My statement relates primarily to activity centre planning for the NGGA and therefore responds to the network of centres that is depicted in the Framework Plan and proposed to be formalised in Clause 21.20 of the Scheme.
- ⁰⁶ This statement draws on a review of Am C395 that I prepared on 23 July 2019 which accompanied the LBDG submission. I note that I have also previously provided advice to LBDG in the context of an earlier version of an indicative future land use plan.

1.2 Instructions

⁰⁷ Initial instructions in this matter were received by Maddocks on 2 October 2019 and requested that my evidence include:

1. *A review of the Amendment documentation as relevant to your field of expertise, with a particular focus on how the Amendment deals with the Northern and Western Growth Areas;*
2. *A review of the Settlement Strategy and the Framework Plan as relevant to your expertise, with a particular focus on how these documents deal with the Northern and Western Growth Areas;*
3. *An evaluation of the Lovely Banks submission as relevant to your expertise, including an opinion on the changes sought by Lovely Banks;*
4. *An evaluation of the Council-adopted response to submissions; and*
5. *Any other matters in relation to the Amendment which you consider should be highlighted or considered, as relevant to your field of expertise.*

⁰⁸ I received further instructions by email dated 11 October including a refinement of my brief which states:

Further to our brief, we would like your expert evidence in relation to C395 to focus on the issues associated with activity centres in the NGGA. In particular could you please consider and focus your evidence statement around:

- *The relationship between the Greater Geelong Retail Strategy (as currently being proposed via Am C393) and the Framework Plan. In particular, if the Framework Plan is amended to agree to the network proposed in the LBDG submission, would the Retail Strategy scheme and how it deals with the NGGA be impacted?*
- *The activity centre hierarchy nominated in the Framework Plan as against that shown in the LBDG submission, including the development of two centres in the north-eastern part of the NGGA. If you think it appropriate, you may wish to include plans / extracts from the Framework Plan in your evidence which highlight the development sequencing issues raised in your letter of July 2019 (which formed part of the LBDG submission to C395).*
- *The floor space allocations included in the Framework Plan for each of the activity centres in the NGGA (and the WGGA if you consider it relevant), including your view of what role the Framework Plan should have in specifying the size of centres as compared with subsequent planning.*
- *LBDG's proposal to bring forward the south-east PSP. In particular, could you please review and comment on Council's response to the LBDG submission on this point (see Appendix 5, page 85, identified with the theme 'Development sequencing / Precinct boundaries'). The officer reason for not supporting this submission cites (amongst other matters) market maturity issues. Could you please review and comment on those reasons as relevant to your expertise.*

1.3 Approach

⁰⁹ I have formulated my evidence after:

- Reading and considering the exhibited Amendment documentation, including the Settlement Strategy and Framework Plan which are proposed to be listed as background documents at CI 72.08.
- Reading and considering the technical reports prepared as part of the preparation of the Settlement Strategy and Framework Plan, and particularly those relating to activity centre planning for the NGGA and the WGGA.
- Considering relevant submissions, including the submission prepared by LBDG.
- Considering Council's response to submissions contained in the Council Officers Report of 24 September 2019.
- Preparing an assessment of the LBDG submission with respect to the proposed alternation to activity centre locations in the Elcho Road East precinct, in terms of the effect on population catchments, supportable retail floorspace and development timing within each centre.
- Considering the relationship between Am C395 and Am C393 and the effect (if any) on the Retail Strategy and Am C393 arising from LBDG's proposed changes to the Framework Plan and CI 21.20.

¹⁰ This statement is organised to be consistent with the logic established in the LBDG submission. The bulk of my analysis is therefore presented under the headings "Creating Mixed Use Walkable Neighbourhoods" and "Delivery and Sequencing".

1.4 Expert witness details

Name and address of expert

Matthew Lee
Principal
Deep End Services Pty Ltd
Suite 304 / 9-11 Claremont Street
South Yarra VIC 3141

Expert's qualifications and experience

- Bachelor Degree in Commerce from the University of Melbourne.
- Principal of Deep End Services since 2012.
- Consultant with Essential Economics from 1997 to 2012.
- Practising urban economist since 1995.

A full CV is included at *Appendix A*.

Expert's area of expertise

- Urban and regional economic development.
- Market assessments for property development including residential, retail, commercial, and industrial.
- Input to strategic planning studies including Urban Design Frameworks, Structure Plans and Master Plans.
- Advice to government on growth area planning.

Instructions that defined the scope of the report

My instructions were received from Maddocks as detailed in section 1.2.

Facts, matters and assumptions upon which the report proceeds

Stated in relevant sections of this statement.

Documents, materials and literature used in preparing this report

Stated in relevant sections of this statement.

Identity of the person who carried out any tests or experiments relevant to this report

All work was carried out by myself.

Summary of the opinions of the expert

1. The Settlement Strategy is a well-formulated piece of research that identifies the need to plan for high levels of population growth in Greater Geelong and establishes the NGGA as one of the main locations to absorb new greenfield housing demand.
2. The Framework Plan is an important strategic study that describes the anticipated form of development across the NGGA. The Framework Plan is the proper place to address wider structural issues across the growth area including the number, relative role and broad spatial distribution of activity centres.
3. Precinct structure plans ('PSPs') will necessarily contain more detailed, fine-grained planning, and analysis undertaken during preparation of PSPs may lead to adjustments to the size and location of centres. However, PSPs are not an appropriate stage at which to make significant changes to growth area-wide matters such the number, distribution and relative role of activity centres – these are issues that should be addressed during implementation of the Framework Plan through Am C395.
4. The proposed changes submitted by LBDG reflect more advanced planning that has been informed by detailed technical input, leading to a more site-responsive design for the road alignment and land uses.
5. The LBDG's proposed changes to the location of activity centres in the north-eastern part of the NGGA have merit, and would lead to a network that delivers accessible services to the local community earlier than would otherwise be the case, improves access to local shopping services, and protects the longer-term higher-order role of the designated sub-regional centre.
6. Having identified the number, locations and relative roles of activity centres, the Framework Plan should not be prescriptive with regard to retail floorspace provisions for each centre. Rather, broad guidance should be provided within flexible ranges, for example referring to neighbourhood centres as anchored by supermarkets and generally containing up to 8,000 sqm of retail floorspace. More detailed planning during preparation of PSPs will resolve details such as

appropriate shop floorspace limits applied in the schedule to the Urban Growth Zone.

7. The proposed expansion of the Heales Road West PSP to include residential land around the proposed MAC would improve planning for this centre by incorporating the whole of its catchment.
8. Geelong is a mature housing market in which a wide variety of houses are already delivered. The high-quality nature of the land on the monocline and escarpment would incentivise high quality outcomes, especially as LBDG has control of such a large share of the total growth area. A delay in development is unlikely to affect the type of housing delivered on the monocline escarpment.
9. With respect to the Greater Geelong Retail Strategy and Am C395, I understand that the Strategy is to be altered to remove references to floorspace demand and supply modelling for the NGGA and WGGGA to reflect the fact that these will be subject to further consideration during preparation of PSPs. This means that the proposed changes to the Framework Plan with respect to activity centres will have no effect on Am C395.

2

Am C395

2.1 The amendment

¹¹ Council adopted the Greater Geelong Settlement Strategy at the Council meeting of 9 October 2018, and subsequently adopted the Northern and Western Geelong Growth Areas Framework Plan at the Council meeting of 26 March 2019.

¹² Am C395 seeks to implement the Settlement Strategy and Framework Plan into the Geelong Planning Scheme by making various changes to the Scheme, with the most substantive changes as follows:

- a. Replacement of the Municipal Framework Plan at CI 21.04
- b. Replacement of large sections of CI 21.06 to reflect analysis of future population growth, housing need and settlement patterns, and to include a new Housing and Settlement Framework Plan
- c. Amendments to CI 21.14 to reflect a redirection of growth away from townships on the Bellarine Peninsula
- d. Introduction of CI 21.20 to implement the Northern and Western Geelong Growth Area Framework Plan
- e. Inclusion of the Settlement Strategy and Framework Plan as background documents under CI 72.08.

¹³ The amendment was exhibited from 21 June 2019 to 29 July 2019, with a total of 102 submissions received, of which 61 related to the Settlement Strategy, 27 relate to the Framework Plan and 14 relate to both.

2.2 Settlement Strategy

¹⁴ I reviewed the Settlement Strategy on behalf of LBDG in my letter of 23 July 2019, which has informed the following assessment.

¹⁵ The Settlement Strategy is a report conducted as a collaboration between the City of Greater Geelong and Spatial Economics, with analysis and recommendations

based on work prepared by Spatial Economics with refinement by the City of Greater Geelong. The Strategy:

- a. Analyses historical trends with respect to population growth, housing choice and spatial development patterns, based on discussion papers prepared by Spatial Economics;
- b. Develops a range of population growth scenarios reflecting different growth paths, with a high growth path adopted as the most appropriate for housing and settlement planning;
- c. Examines the balance of housing demand and supply based on available land already zoned and within designated growth areas; and
- d. Establishes a range of strategies to manage future population and housing growth.

¹⁶ In my opinion the Settlement Strategy is generally a well-formulated piece of research that responds appropriately to high rates of recent population growth in Greater Geelong. Key recommendations include:

- a. Securing a diversity of urban growth opportunities in the form of infill development in established suburbs as well as broadhectare development within designated growth areas
- b. Emphasising the need for housing diversity to provide choice for residents and to support lifecycle changes
- c. Ensuring that multiple growth fronts are active concurrently to ensure ongoing supply of housing lots to meet projected demand
- d. Acknowledging the important role of the Northern and Western growth areas for delivering medium to long term residential land supply.

¹⁷ I note that there is an inconsistency with respect to expected dwelling yields in the growth areas, with the Settlement Strategy indicating that the Northern Growth Area has capacity for 16,000 dwellings while the Framework Plan is based on a yield of 17,000 dwellings.

¹⁸ I note that the expected population outcome in each growth area is calculated by applying an average household size of 2.8 persons per dwelling. As I explain later in this statement when analysing activity centre catchments within the NGGA, it would be more appropriate to undertake planning on the basis of a higher average household size of around 3.0 persons per dwelling. This would better reflect actual average household size outcomes in major growth areas in Melbourne, as well as the results of local area population projections for Geelong's growth areas prepared by id consulting on behalf of the City of Greater Geelong.

¹⁹ Overall I support the Settlement Strategy insofar as it relates to development within the NGGA, with the minor qualifications described above.

2.3 Framework Plan

Overview

- ²⁰ The Framework Plan provides guidance on development outcomes and sequencing for the Northern and Western Geelong Growth Areas (“NWGGA”), with these areas identified as key to accommodating Geelong’s long-term greenfield housing development requirements.
- ²¹ The need for new growth areas responds to region-wide analysis of population growth prospects that recognises that “*Geelong’s growth is now beginning to reflect the high volume experienced in Melbourne’s growth corridors*” (Framework Plan, p12).
- ²² Although not directly expressed in the Settlement Strategy or the Framework Plan, I note that the increase in annual population growth forecast for Greater Geelong under the adopted growth scenario implies that Geelong will accommodate a greater share of Victoria’s greenfield housing development. If this occurs, it will probably be at the expense of existing growth corridors in Melbourne in the absence of changes to wider State or National immigration levels. This is shown by the chart on p13 of the Framework Plan, which projects a flattening of annual growth in some of Melbourne’s key growth corridors while Geelong’s growth increases.
- ²³ This is relevant, in my opinion, because it means that the residents moving into Geelong’s new growth areas will have characteristics that are likely to be similar to people who are now moving into Melbourne’s growth areas, including in terms of average household size.
- ²⁴ Relevant parts of the Framework Plan on which I comment include:
- The section ‘Growth Areas’, which sets out the vision and future urban structure for the NGGA and the WGGA
 - Some aspects of the section ‘Neighbourhood’, including expected housing typologies and densities
 - The section ‘Economy’ which provides more detailed direction on the activity centre network
 - The section ‘Delivery’ which identifies future PSP areas and sets out expectations on sequencing.
- ²⁵ I have not been instructed to focus my statement on the Clever and Creative Corridor (‘CCC’), however I reviewed this aspect of the Framework Plan in the letter of advice that accompanied the LBDG submission. My concerns with that aspect of the Framework Plan were:
- a. The danger that commercial development might be diluted along the CCC rather than being encouraged to focus in the sub-regional activity centre where critical mass should be established; and
 - b. That the encouragement of medium density within 400m of the CCC, as well as within 400m of each activity centre, might imply a higher level of medium density than could be sustained in the local housing market.
- ²⁶ These concerns could be addressed during preparation of relevant PSPs.

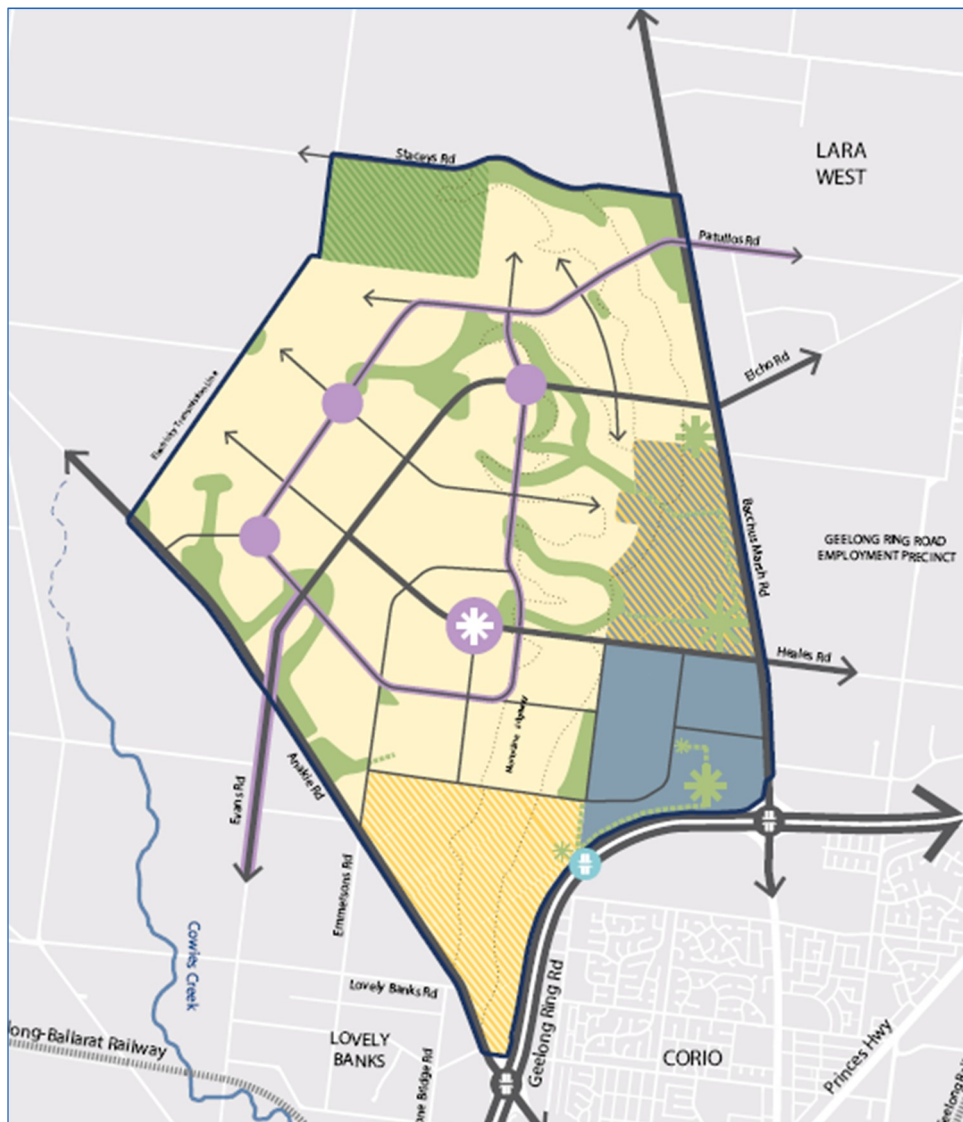
Growth Areas

- ²⁷ Under the section ‘Growth Areas’ commencing on p29, the Framework Plan sets out the broad land use vision and associated future urban structure, along with key metrics such as the available land for development, the anticipated residential dwelling yield and anticipated population.
- ²⁸ Details for the NGGA are on p35, indicating a total gross land area of 2,090ha within the growth area, of which 1,445ha (or 69%) would be available for residential development, accommodating 17,075 dwellings and a population of 47,809 persons.
- ²⁹ According to the note below the table, the *“estimates of growth in the NGGA assumes a minimum average residential density of 15 dwellings per hectare and an average minimum residential density of 12.5 dwellings per hectare along the monocline escarpment. Estimated population attributes 2.8 persons per dwelling”*.
- ³⁰ The Framework Plan does not make it clear whether the ‘residential area’ is equivalent to the commonly-adopted measure ‘net developable area – residential’ (‘NDAR’) that is applied in land budgets for PSPs. The NDAR measurement excludes land associated with major encumbrances, arterial roads, community and education facilities, utilities, waterway and drainage reserves, utilities easements, local parks, and activity centres.
- ³¹ It seems clear that the metrics in the Framework Plan are based on relatively broad calculations of developable residential land rather than the more detailed analysis that can be conducted during preparation of PSPs. This can be inferred, for example, with reference to the precinct-level growth outcomes set out in the ‘Delivery’ section of the Framework Plan. When I calculate the average dwelling yield for each proposed PSP area, most of the precincts (other than those affected by the monocline or rural living areas or other factors) have an average yield of 12.75 dwellings per hectare. This is equivalent to the broad calculation that 75% of all unencumbered land would be developed for residential purposes, at average yields of 17 dwellings per hectare when applied to the NDAR: ie $75\% \times 17 = 12.75$.
- ³² I highlight these matters not to criticise the analysis presented in the Framework Plan, but simply to point out that the expected number of dwellings and residents has been formulated at a relatively broad level.
- ³³ In my opinion this is relevant when considering the recommendations for the NGGA because more accurate analysis of dwelling and population yield can be made for this growth area based on more detailed technical investigations undertaken on behalf of the LBDG, including an indicative future urban structure prepared by Roberts Day.
- ³⁴ I have used the more detailed information from Roberts Day in relation to land that forms part of NDAR to inform my assessment of the proposed changes to the activity centre network (refer section 4 of this statement), noting of course that this may change during preparation of individual PSPs.

35 The proposed Future Urban Structure ('FUS') for the NGGA is reproduced in Figure 1 below.

Figure 1—NGGA Future Urban Structure

Source: Framework Plan, Plan 03 (p34)



Neighbourhood

³⁶ The section of the Framework Plan titled ‘Neighbourhood’ deals with various aspects including design and amenity issues, sustainability, housing and social infrastructure.

³⁷ The intention is to create “a network of vibrant and unique neighbourhoods centred on the Clever and Creative Corridor, each with a sense of place and identity, and each servicing the daily needs of the local community within a 20 minute walk, cycle or public transport trip” (p120).

³⁸ Action N2.1.7 is as follows:

Minimum density requirements will be applied to deliver a compact urban form as illustrated on Plan 23 and include:

- *Medium density housing within 400 metres of neighbourhood activity centres and locations on the Clever and Creative Corridor that offer employment, public transport access and community hubs*
- *Higher densities within 800 metres of the subregional activity centre before transitioning to medium density within the outer halves of these catchments.*

³⁹ Other relevant actions are:

- Action N2.4.1: Urban development will deliver a diverse mix of housing options throughout each neighbourhood
- Action N2.4.2: Housing in medium density areas will cater for the ‘missing middle’ housing types
- Action N2.4.3: Housing within and adjoining activity centres will be delivered at high density.

⁴⁰ Plan 23 Housing is reproduced in Figure 2. As I have stated at paragraph 25(b), my concern is that the expectation for medium and higher density housing may not be able to be delivered across such a large portion of the NGGA.

Figure 2—NGGA Housing

Source: Framework Plan, Plan 23, p130



Economy

- ⁴¹ The section on Economy aims to ensure a high degree of access to local jobs and wider employment opportunities, with the establishment of a network of activity centres that generate local job opportunities, and the designation of land for dedicated employment uses.
- ⁴² With respect to activity centres, the Framework Plan identifies four within the growth area, comprising three ‘neighbourhood activity centres’ and one ‘sub-regional activity centre’.
- ⁴³ I note that the terms used to describe the roles of these activity centres differs from most PSPs in the metropolitan context where sub-regional centres are referred to as ‘Major Activity Centres’ and neighbourhood centres are referred to as ‘Local Town Centres’. However, the terminology is consistent with that used in the Geelong Retail Strategy.
- ⁴⁴ Action N3.1.1 sets out the activity centre network envisaged for the NGGA in more detail as follows (my emphasis added):

The activity centre hierarchy of the Northern Geelong Growth Area is illustrated on Plan 28 and includes:

- *One sub-regional activity centre*
 - *Sub-regional activity centres deliver a comprehensive range of large-scale retail, commercial, entertainment and community uses required in the region and support high density residential development in the surrounding neighbourhoods.*
- *Three neighbourhood activity centres*
 - *Neighbourhood activity centres deliver a mix of everyday shopping needs and local services, collocating with community facilities and services to create the local heart of the surrounding neighbourhoods. The centres complement the subregional activity centres without detracting from their role.*
- *Local convenience centres, in locations beyond activity centre catchments.*
 - *Local activity centres serve the day-to-day convenience needs of the immediate residential neighbourhood. A local activity centre provides an alternative for residents beyond a comfortable walk to the sub-regional or neighbourhood activity centre.*

- ⁴⁵ As I have highlighted above, neighbourhood centres are expected to have lower order roles and be complementary to the role of the sub-regional centre. This is relevant to my later assessment of LBDG’s proposed changes to the activity centre network in the north-eastern part of the NGGA.

⁴⁶ Action N3.1.6 relates to expected development of the sub-regional centre and is as follows:

The sub-regional activity centre will establish a vibrant urban heart of the Northern Geelong Growth Area, delivering a diverse mix of retail, commercial, entertainment and community uses that activate the area throughout the day and night, seven days a week.

The centre will provide a substantial and varied mix of land uses that meet the daily needs of the local community and cultivate a lively, stimulating and safe environment at all times. The centre in the Northern Geelong Growth Area will be delivered at a scale that generates significant local employment opportunities, with a retail floor space of approximately 25,000-30,000m², and non-retail space of approximately 10,000-20,000m².

⁴⁷ In my opinion the proposed size of the centre, at 25,000-30,000sqm, is generally appropriate having regard to the size of the surrounding population base, and is consistent with a centre containing multiple supermarkets and higher order shopping such as a discount department store and a wide range of non-food specialties.

⁴⁸ However, Action N3.1.6 appears to provide no allowance for restricted retail floorspace provision at the NGGA sub-regional centre, noting that the equivalent direction for the WGGA (Action W3.1.6) proposes a centre with 40,000-50,000sqm of retail floorspace plus 20,000-25,000sqm of restricted retail floorspace plus 40,000-45,000sqm of non-retail floorspace.

⁴⁹ Action N3.1.6 should therefore be amended to provide allowance for 20,000-25,000sqm of restricted retail floorspace to be included within the NGGA sub-regional centre.

⁵⁰ Although not a focus of this statement, I query why the floorspace provisions for WGGA are so much higher than for the NGGA, especially given the more fragmented nature of the WGGA, the long-term timing for urbanisation of land around Batesford Quarry and the relatively convenient access into established parts of Geelong via Midland Highway and Hamilton Highway and potential connections to Church Street.

⁵¹ Action N3.1.10 states as follows:

The sub-regional activity centre will be delivered in a staged approach.

The sub-regional activity centre is likely to be delivered as a neighbourhood-sized activity centre as part of medium term development. The design of the subregional activity centre will be delivered in a staged approach that allows a seamless and future-proofed transition from neighbourhood to sub-regional scale as part of subsequent precinct structure planning. Extension of the activity centre to a sub-regional activity centre will address the views and landform of the monocline escarpment and ridgeway.

⁵² In my opinion this direction is unnecessary as the normal dynamics of the retail market will ensure that sub-regional services would only be developed when there is

a sufficient population base. If the size of the local community warrants sub-regional services to be developed as part of an initial stage of development, it is inappropriate for this to be delayed to meet an arbitrary planning objective that calls for development staging.

⁵³ Action N3.1.12 provides direction with respect to neighbourhood activity centres as follows:

Three neighbourhood activity centres will be delivered throughout the Northern Geelong Growth Area located to provide convenient, walkable access to their respective catchments.

Neighbourhood activity centres will be provided and distributed within the growth area to serve neighbourhood catchments up to 10,000 people in a central location. Each neighbourhood town centre will be highly accessible by active and public transport with direct interface to the Clever and Creative Corridor. The network of centres includes:

- *A larger neighbourhood activity centre located in the north-east of the growth area along the monocline ridgeway, with an estimated retail floor space of approximately 10,000-12,000m², restricted retail space of approximately 5,000m² and non-retail space of approximately 7,000m²*
- *Two smaller neighbourhood centres located on the western plateau with an estimated retail floor space of approximately 5,000-7,000m² and non-retail floor space of 2,000-3,000m² each.*

⁵⁴ I provide additional commentary and analysis with respect to the proposed network of neighbourhood centres in section 4 of my statement. However, in broad terms the key issues are as follows:

- a. It is appropriate that the Framework Plan sets out the number of centres and broad spatial distribution across the NGGA, even though some minor changes may occur during preparation of individual PSPs. This is because changes in the location and number of centres can have effects across the whole network of centres and therefore should be properly addressed at the broad structural level.
- b. The Framework Plan provides for a large neighbourhood centre of 10,000-12,000sqm (plus other uses including restricted retail) within the north-east part of the NGGA. In my opinion the size of this centre has potential to detract from the development opportunity in the sub-regional centre, especially as it is likely to accommodate multiple supermarkets, drawing in shopping activity that would otherwise be directed to the sub-regional centre. I expand on this in section 4 of my statement.
- c. The proposed allowance for 5,000sqm of restricted retail within the large neighbourhood centres is inappropriate as this type of retail should be encouraged to cluster in a single location, and in any case this is a format that is rarely delivered in such small quantities.
- d. The floorspace provisions provided for other neighbourhood centres are in the range 5,000-7,000sqm. This is inconsistent with the directions for

centres within the WGGGA whereby all neighbourhood centres are anticipated to accommodate 7,000-8,000sqm of retail floorspace.

- e. In my opinion the Framework Plan has an important role in setting out the number, role and spatial distribution of activity centres but should not be so directive with respect to the size of each centre, which is properly the focus for PSPs. Rather than specific allowances for each centre, the Framework Plan should be amended to state that *neighbourhood centres would be expected to have no more than 8,000sqm of retail (shop) floorspace subject to detailed planning during preparation of individual PSPs.*

Delivery

⁵⁵ The ‘Delivery’ section of the Framework Plan “*considers the sustainable sequencing of development in the Northern and Western Geelong Growth Areas by prioritising precincts and projecting the essential infrastructure and services required to support Geelong’s new neighbourhoods*” (p212).

⁵⁶ With respect to the NGGA, the Framework Plan divides the growth area into four precincts as follows:

- Short-term precinct:
 - Elcho Road East
- Medium-term precinct:
 - Elcho Road West
 - Heales Road West
- Long-term precinct:
 - Heales Road East.

⁵⁷ I note that LBDG has submitted that the boundary between the Heales Road West and Heales Road East precincts be amended, and I address this later in my statement.

2.4 Technical studies

⁵⁸ Technical reports have been prepared to inform the Framework Plan including, of relevance to my expertise, reports on urban development capacity and activity centre planning.

⁵⁹ With respect to the NGGA, these technical reports include:

- NGGA Urban Form and Capacity Analysis, prepared by Essential Economics (“EE”) on behalf of Lovely Banks Development Group (July 2017)
- NGGA Activity Centre Assessment, prepared by EE on behalf of Lovely Banks Development Group (August 2017)
- NWGGA Consolidated Activity Centre Assessment, prepared by Tim Nott for City of Greater Geelong (September 2017).

⁶⁰ The Urban Capacity report by EE presents an analysis of potential residential dwelling yield based on a simple calculation of gross dwelling density across unencumbered land. The report concludes that the NGGA has a potential dwelling yield of 15,370 dwellings, but with scenarios included in the report indicating as many as 20,450 dwelling could be achieved depending on factors such as available NDAR and average lot sizes.

- ⁶¹ Dwelling yields are then converted into population by adopting an average household size of 2.8 persons per dwelling.
- ⁶² The Activity Centre Assessment by EE analyses potential retail floorspace demand and sets out options for activity centre networks, based on the earlier estimates of urban capacity and population outcomes.
- ⁶³ The analysis in this report is undertaken at a relatively broad level. It is based on an assessment of residential and population yield across individual properties or 'cells' across the NGGA, and considers a range of possible activity centre locations that appear to generally coincide with a grid street pattern. This can be seen by Map 3.2 and Map 3.3 in the EE report, which are reproduced as Figure 3 and Figure 4.

**Figure 3—EE
Centre Location
Analysis**

Source: NGGA
Activity Centre
Assessment, EE, Aug
2017, p16

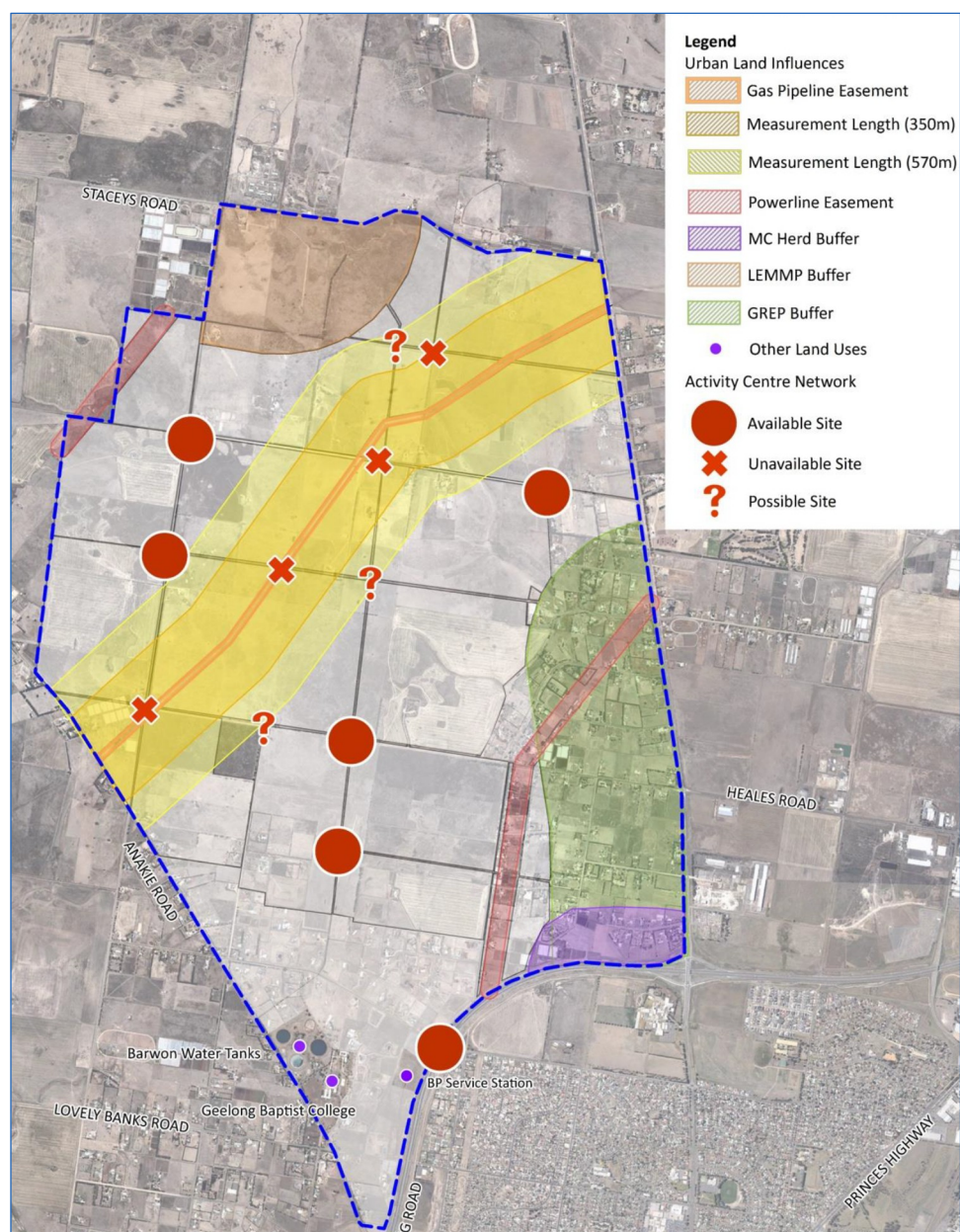
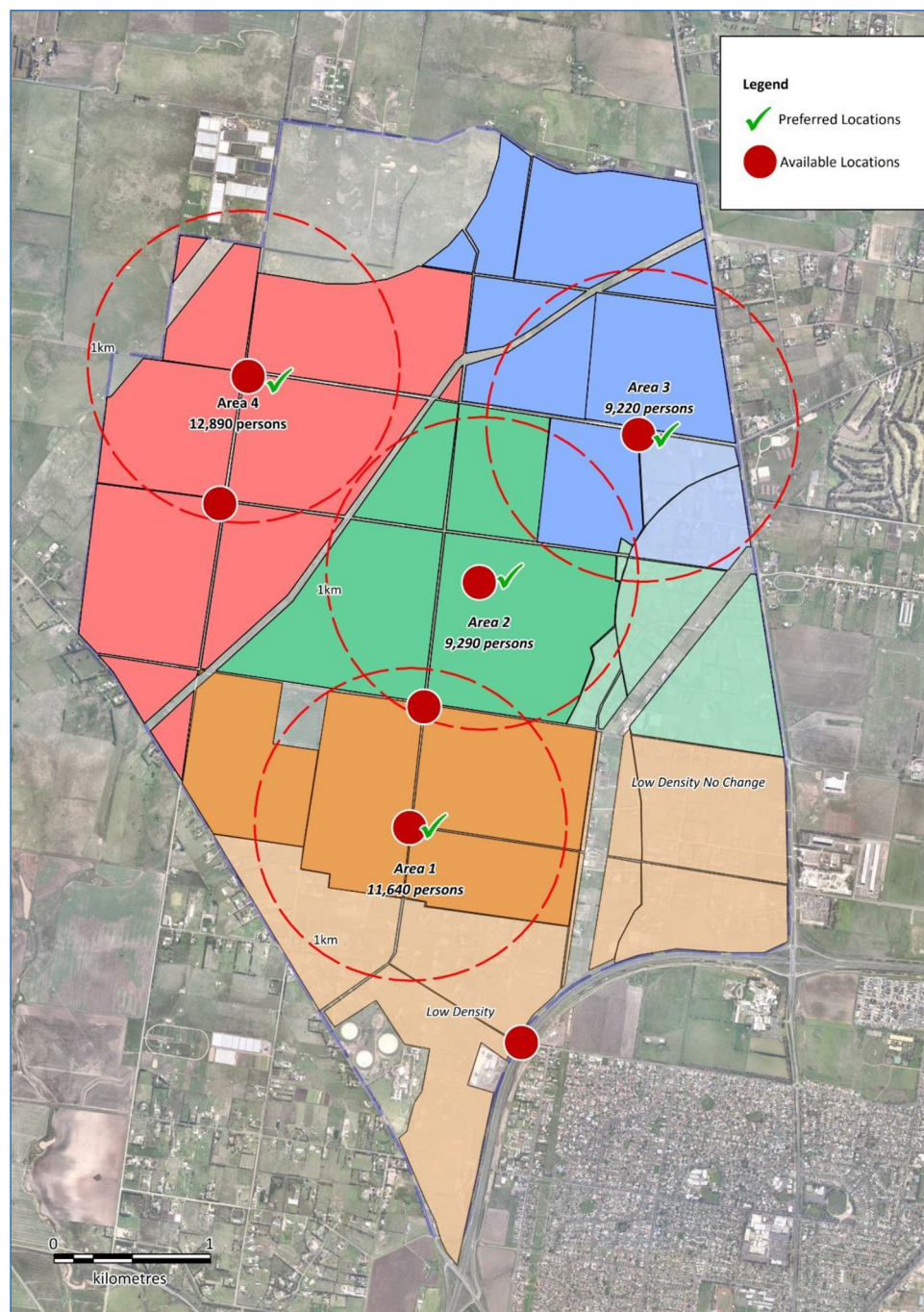


Figure 4—EE Four Centre Scenario

Source: NGGA Activity Centre Assessment, EE, Aug 2017, p21



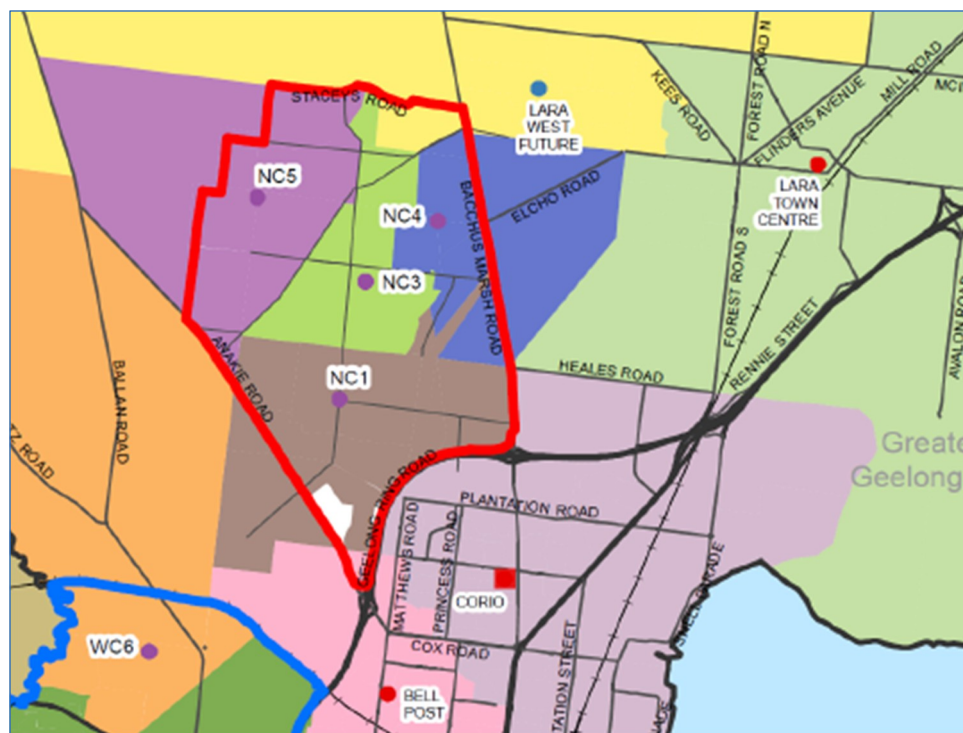
⁶⁴ It is clear that land use planning for the NGGA has ‘moved on’ from August 2017 when EE undertook their assessments. More detailed technical analysis has been conducted on behalf of LBDG, and this has led to a more site-responsive design in terms of the road system and the way in which development responds to the monocline escarpment.

⁶⁵ As a result, the network options developed by EE are not an appropriate basis on which to plan activity centres within the NGGA; indeed, the centres network shown in the Framework Plan does not resemble any of the options put forward by EE.

- ⁶⁶ The Nott report presents a consolidation of the technical assessments prepared separately for the NGGA and the WGGA (with that analysis conducted by Urban Enterprise) and incorporates an examination of how the resulting centres network might impact on the Corio sub-regional centre.
- ⁶⁷ With respect to the locations of centres within the NGGA, the Nott report uses the EE network options as a basis, and is therefore irrelevant given that the centres network presented in the NGGA differs from these options.
- ⁶⁸ In any event, my opinion is that the methodology used by Nott to examine neighbourhood centre catchments is somewhat ‘suspect’, with strangely-shaped catchments – as presented in Figure 5 below – bringing into question the underlying analysis and conclusions.

Figure 5—Nott Neighbourhood Centre Catchments

Note: West Road Option 1B
Source: Consolidated Activity Centre Assessment, Tim Nott, p47



- ⁶⁹ In summary, the Framework Plan departs significantly from the proposed centre network options assessed by EE and Nott, and these reports therefore provide little basis for the adopted network of centres shown in the Framework Plan.

2.5 Summary

- ⁷⁰ Am C395 seeks to implement two strategic planning studies which generally provide a sound basis for managing development within the NGGA.
- ⁷¹ My main concerns with the Framework Plan relate to the adopted activity centre network, which I consider in the context of the LBDG submission to the amendment.

3

LBDG submission

⁷² The LBDG submission to Am C395 is strongly supportive of the underlying planning processes and the need to commence PSPs to facilitate development.

⁷³ Several changes to the Framework Plan and the associated map at CI 21.20-5 are sought to:

- Optimise the site responsiveness of the plan
- Better integrate critical infrastructure
- Ensure delivery of key services to future residents in a timely manner
- Improve walkability and activation of the future townships
- Deliver the environmental, economic and social benefits of the Clever and Creative Corridor.

⁷⁴ The proposed changes are described in the submission document under the headings:

- A site responsive design
- Lovely Banks vision
- Creating mixed use, walkable neighbourhoods
- Site responsive integration of arterial roads
- Delivering the Clever and Creative Corridor
- Environment and buffers
- Drainage infrastructure implementation
- Housing diversity and density
- Delivery and sequencing.

⁷⁵ Of relevance to my instructions are the following proposed changes:

- An adjustment to the location of the sub-regional town centre slightly northwards to position it close to the Heales Road promontory

- An adjustment to the neighbourhood centre network in the north-eastern part of the NGGA to create two smaller centres rather than the single large centre, and to better position each of these centres with respect to the road network, local landform and walkable communities
- An amendment to the proposed delivery sequencing to “*allow for the integrated delivery of the monocline parkland and to progress the sub-regional centre planning*” by incorporating residential land to the east of the sub-regional centre location.

⁷⁶ I note that the intention of the proposed ‘splitting’ of the activity centre in the north-eastern part of the NGGA is to ensure early provision of centre-based services, allow for the co-location of community serves beyond gas easement buffers, and create a new activity centre near the Elcho Valley that could have a more specialised role as a location for health and wellness activities, with high levels of amenity.

⁷⁷ Detailed response to submissions was included in the Council officers report of 24 September 2019.

⁷⁸ With respect to the proposed adjustments to the north-eastern activity centres and the location of the sub-regional centre, Council did not support the proposed changes, on the basis that “*PSP process will determine activity centre locations*”.

⁷⁹ As I have stated already, my view is that the number, role and spatial arrangement of activity centres are broader structural issues that need to be finalised during the Framework Plan process rather than left to individual PSPs to resolve.

⁸⁰ I present an assessment of the merits of the proposed changes to the activity centre network in section 4 of this statement.

⁸¹ With respect to development sequencing and precinct boundaries, Council did not support the proposed changes, with the following response provided:

Not supported.

Neighbourhood-sized precincts identified in the growth area.

Broad hectare land in the subject area will assist to progress the PSP planning for the surrounding employment precinct and rural living areas.

The subject area is highly visible/exposed to the Geelong community and delaying its development will allow for the housing market in the growth area to produce more attractive development outcomes.

⁸² I provide commentary on aspects of PSP sequencing in section 5 of this statement.

4

Creating Mixed Use Walkable Neighbourhoods

- 4.1 Introduction** ⁸³ This section of my statement considers the proposed changes to the activity centre network as submitted by LBDG.
- ⁸⁴ My analysis concentrates on the location of centres in the north-eastern part of the NGGA and the effect on surrounding centres, including the implications for the sub-regional centre. I have not specifically assessed the merits of the proposed relocation of the sub-regional centre, as the suggested change is relatively minor in the context of this centre's wider role across the NGGA as a whole.
- 4.2 Approach** ⁸⁵ My approach in undertaking this assessment is to consider the relative merits of the activity centre network under two scenarios:
1. Assume the location of neighbourhood centres as per the Framework Plan (refer Figure 6); and
 2. Assume the location of neighbourhood centres as per the network in the LBDG submission (refer Figure 7).

Figure 6—Activity centre network Framework Plan

Source: Framework Plan, Plan O3

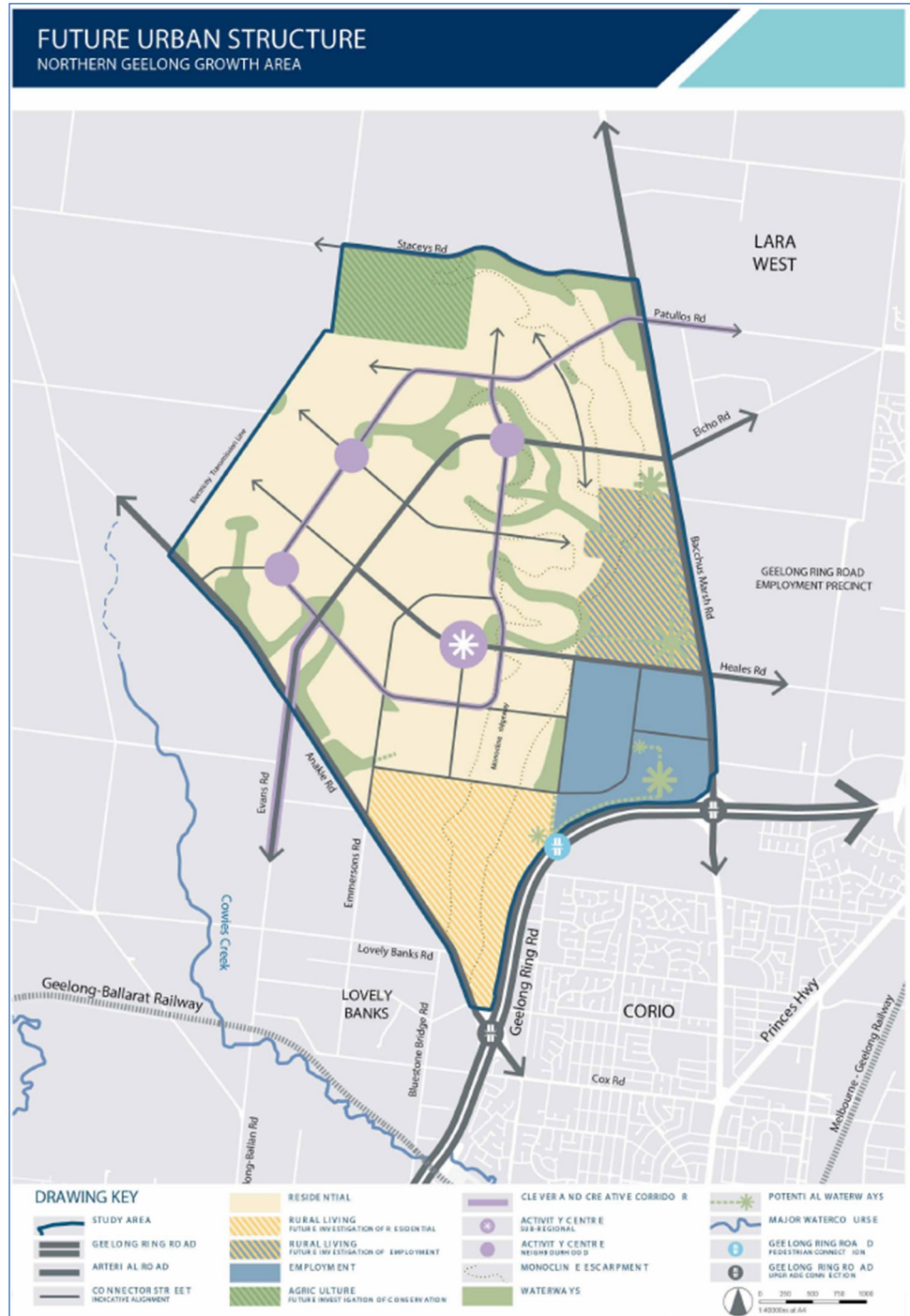
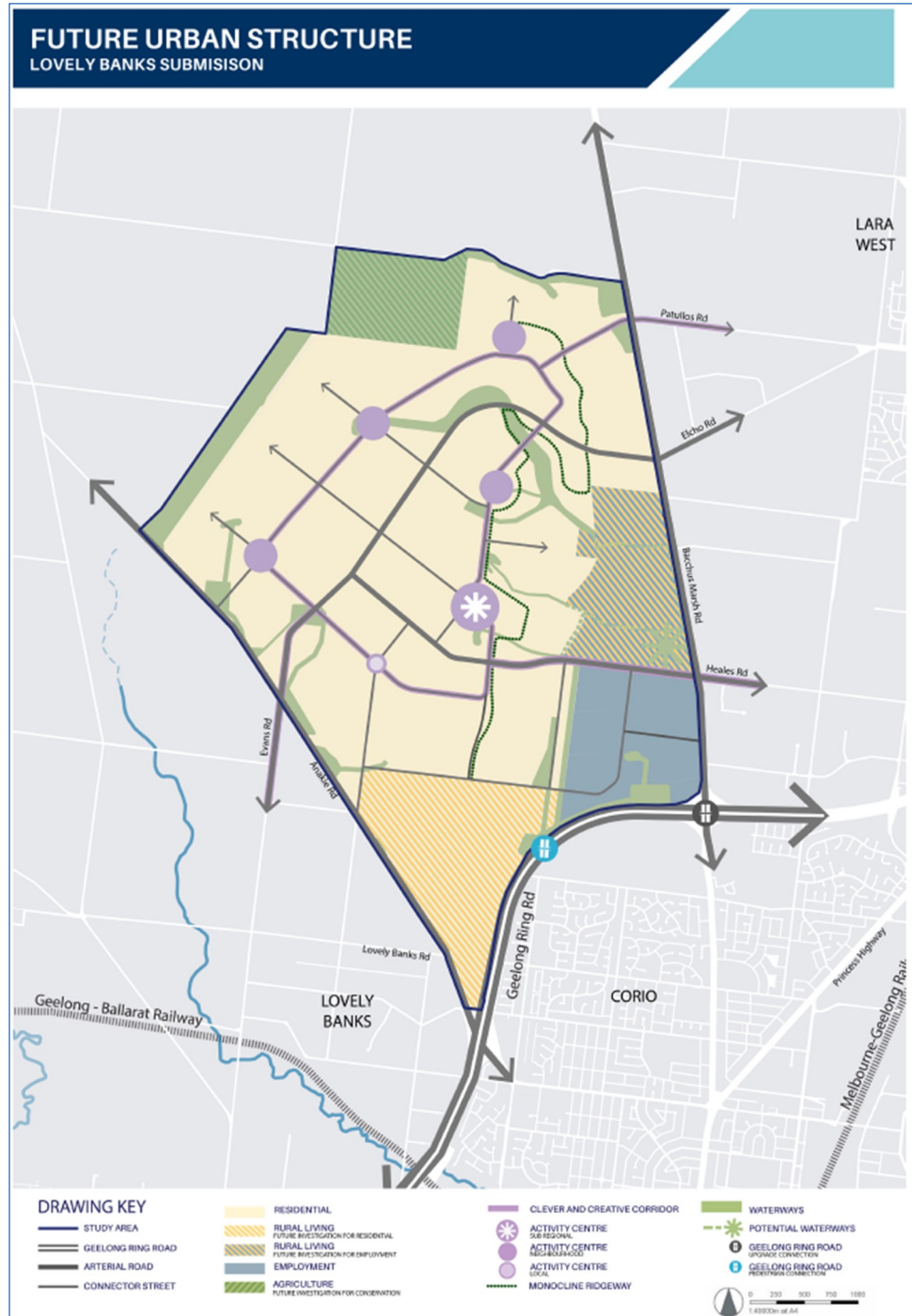


Figure 7—Activity centre network LBDG submission

Source: LBDG Submission p6



⁸⁶ The process I have undertaken is as follows:

1. Obtain the land use boundaries associated with an indicative Future Urban Structure (“FUS”) prepared by Roberts Day on behalf of LBDG. Effectively this provides me with geo-referenced shapes delineating land within the NGGA by land use type, enabling calculations of NDAR within defined areas. I acknowledge that the FUS is likely to change during preparation of individual PSPs, but the Roberts Day analysis represents an appropriate starting point to calculate NDAR within each centre’s catchment.
2. Define the ‘core’ catchments likely to be served by each centre, having regard to landform, road networks and ease-of-access to each centre.
3. Calculate the amount of NDAR within each catchment, including details on anticipated housing typology (ie standard residential, medium density, rural living and ‘hillside residential’ where lower densities are likely to eventuate).
4. Estimate the dwelling yield for each type of residential land, based on typical densities achieved within actual development estates and figures adopted in other PSPs.
5. Convert the dwelling yield into projected population at capacity within each catchment, based on applying an appropriate average household sizes for each dwelling typology (standard residential, medium density, rural living, and ‘hillside residential’).
6. Prepare estimates of demand for supermarket floorspace within each catchment under each network scenario, noting that it is the supermarket role that underpins sustainable neighbourhood activity centres.
7. Assess the relative merits of each centre network scenario in terms of:
 - a. Whether the proposed centre network would be viable;
 - b. The extent to which each centre network provides convenient walkable access to local services for the NGGA community;
 - c. Whether each network promotes early access to local services; and
 - d. The extent to which each centre network is likely to promote a vibrant sub-regional centre that offers diverse higher-order uses.
8. For each network scenario, I also consider whether access to convenient local services can be improved with the addition of local activity centres in areas of the NGGA where access to a neighbourhood centre is relatively poor.

4.3 Catchment identification

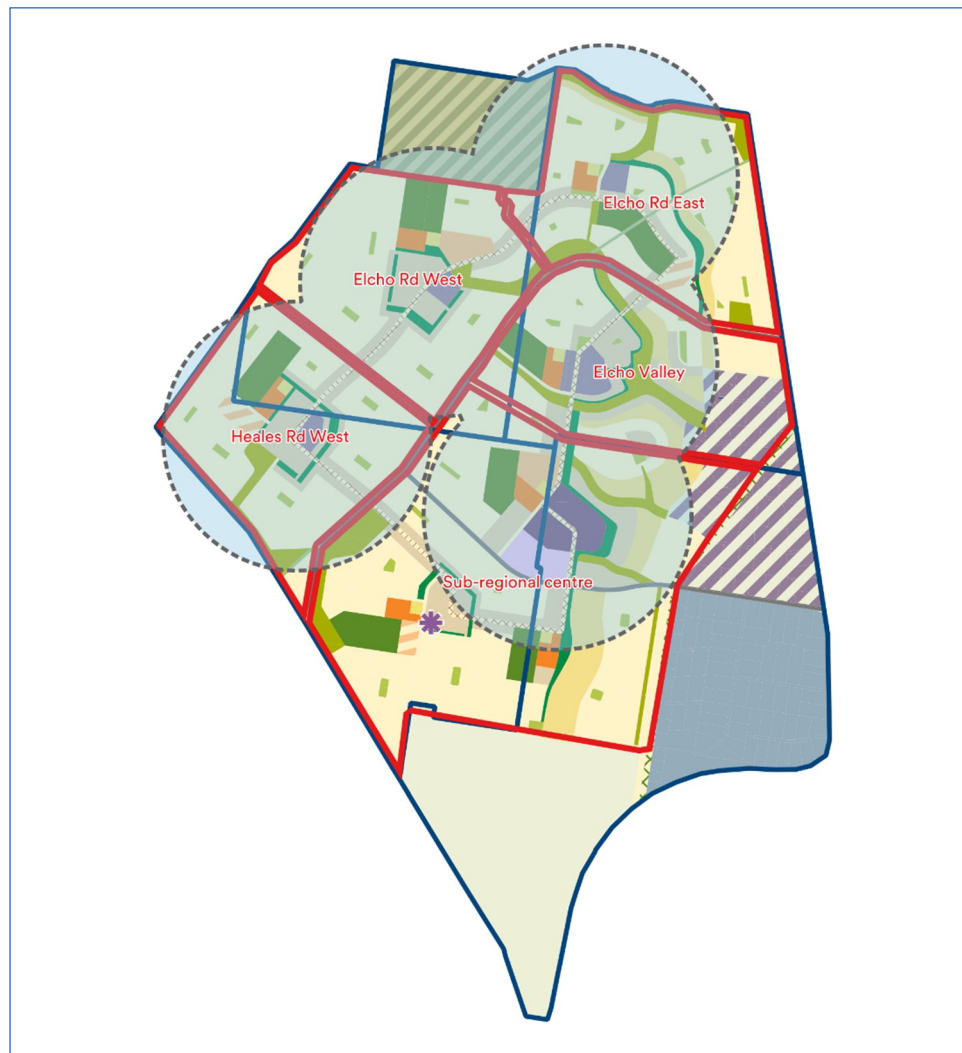
⁸⁷ Figure 8 illustrates the core catchments served by each neighbourhood centre under the Framework Plan option, while Figure 9 sets out the catchments likely to be served by each neighbourhood centre under the proposed LBDG network scenario.

⁸⁸ Note that in both cases the sub-regional centre catchment describes the area from which most supermarket-based trade would be derived. Importantly, this centre would also generate visitation from throughout the whole NGGA for higher-order shopping trips.

⁸⁹ It is also relevant to note that the catchment boundaries represent the regions in which each centre is likely to have a dominance as a location for neighbourhood-level (eg supermarket) shopping. This doesn’t mean that each centre would not generate visitation from beyond its core catchment. Indeed, all supermarkets across

Figure 9—LBDG network neighbourhood catchments

Source: Roberts Day; Deep End Services



4.4 Residential yield

⁹¹ Residential dwelling yields for each catchment, under each network scenario, have been estimated by applying the following average dwelling densities:

- Conventional residential: 16 lots/hectare
This is an appropriate density for broadhectare residential development, consistent with other recently approved PSPs and implying an average lot size of around 450 sqm which is typical for current housing estates.
- Hillside residential: 11 lots/hectare
A lower achievable density is applied to land identified as being within the monocline or otherwise likely to be developed at lower density to reflect the character of the land.
- Medium density: 24 lots/hectare
An indicative figure of 24 lots per hectare is applied to land close to activity centres and along either side of the CCC.

⁹² In addition to the above, I have allowed for approximately 1,000 medium density dwellings to be accommodated within activity centres.

⁹³ Table 1 presents a summary of the dwelling yield within each catchment, based on the above, indicating that an almost identical residential yield would be generated under each network scenario.

⁹⁴ According to the analysis, around 26% of the dwelling yield would be in medium density housing. Note, however, that the indicative FUS prepared by Roberts Day does not specify that all residential land within 400m of the CCC be developed entirely for medium density. Depending on the application of minimum housing densities near the CCC, the total housing yield could be higher than indicated in the table, although I caution that a medium density housing share substantially higher than 26% may not be achievable given underlying housing preferences.

Table 1—Estimated dwelling yield

Source: Deep End Services; Roberts Day

Catchment	Conventional	Hillside	Medium density/centres	Total
Framework Plan				
Sub-regional	4,710	565	1,915	7,190
Elcho Rd East	3,965	405	1,500	5,870
Elcho Rd West	2,525	0	750	3,275
Heales Rd West	2,025	0	765	2,790
All catchments	13,225	970	4,930	19,125
Distribution	69%	5%	26%	100%
LBDG submission				
Sub-regional	4,680	565	1,835	7,080
Elcho Rd East - North	2,320	190	400	2,910
Elcho Rd Valley	1,195	220	1,165	2,580
Elcho Rd West	2,560	0	805	3,365
Heales Rd West	2,405	0	815	3,220
All catchments	13,160	975	5,020	19,155
Distribution	69%	5%	26%	100%

4.5 Population outcomes

⁹⁵ I have converted the expected dwelling yields in Table 1 into an estimate of the population within each catchment at full development by applying an average household size relevant to each dwelling type. The adopted household sizes are:

- Conventional residential: 3.1 persons per household/dwelling
- Hillside residential: 3.0 persons per household/dwelling
- Medium density/centres: 2.5 persons per household/dwelling.

⁹⁶ When applied across the NGGA, my calculations imply an overall average of 2.94 pph at full development.

⁹⁷ This is consistent with the Forecast.Id projections prepared on behalf of the City of Greater Geelong for the defined local area “Lovely Banks – Batesford – Moorabool” which approximates the combined NWGGA, which show an average household size of 2.93 pph in 2041 when development in this area would be progressing rapidly.

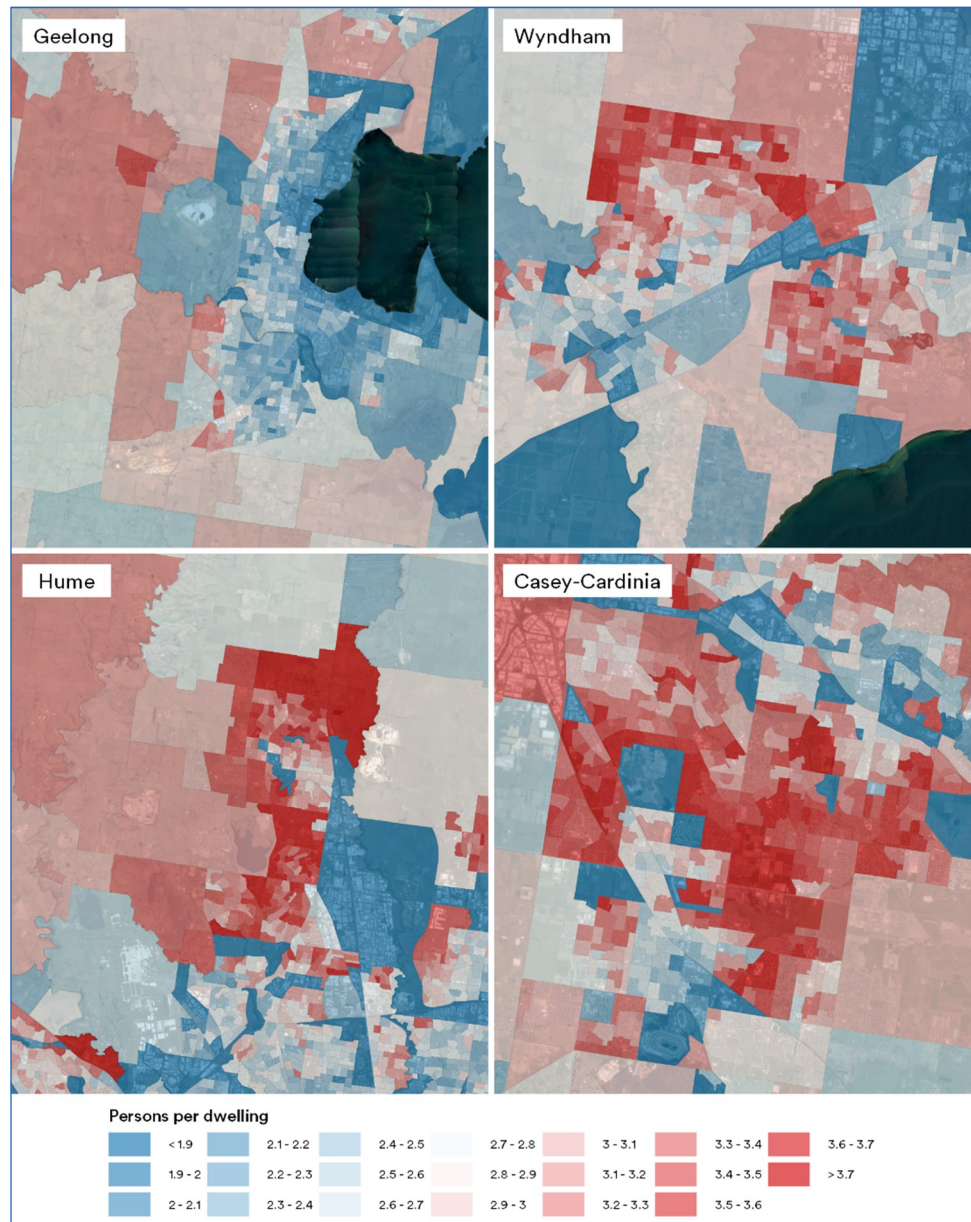
⁹⁸ The calculations of anticipated population set out in the Framework Plan are based on an average of 2.8 pph applied to all dwellings within each growth area. In my opinion this figure is too low, leading to the potential for under-provision of retail floorspace as well as other services such as community, health, education and recreational facilities.

⁹⁹ Importantly, the results of the 2016 ABS Census show that the average size of households in growth areas across Melbourne is consistently above 3 persons per dwelling, as shown in Figure 10. Even in Geelong, newly-developing areas on the fringe of the urban area, including parts of Lara and Grovedale/Armstrong Creek, already display an average household size in excess of 2.8 pph.

¹⁰⁰ As I highlighted previously, the Settlement Strategy anticipates that average annual population growth continues to increase. This is only likely to eventuate if Geelong ‘captures’ an increasing share of new greenfield development, of the type that is currently mainly directed to Melbourne’s growth corridors. The implication is that the types of households moving into the NGGA are likely to resemble those currently purchasing land within Melbourne’s growth corridors.

Figure 10—Average household size in growth areas (2016)

Source: ABS Census 2016



- ¹⁰¹ The resulting population base within each catchment is set out in Table 2 for each of the modelled scenarios.
- ¹⁰² Under each scenario the total population within the combined catchments would be around 56,250 persons. However, there is a clear difference in the broad distribution of population across the catchments:
- Under the Framework Plan, the NGGA would consist of two centres with relatively large catchments (17,000-21,000 persons) and two centres with more typical neighbourhood catchments (8,000-10,000 persons)
 - Under the LBDG changes, the NGGA would have one centre serving a large catchment of 21,000 persons and four centres serving catchments of 7,000-10,000 persons.
- ¹⁰³ The implications and relative merits arising from these differences are considered in the remainder of this section.

Table 2—Estimated catchment population

Source: Deep End Services

Catchment	Conventional	Hillside	Medium density/centres	Total
Framework Plan				
Sub-regional	14,600	1,700	4,800	21,100
Elcho Rd East	12,300	1,200	3,750	17,250
Elcho Rd West	7,850	0	1,900	9,750
Heales Rd West	6,300	0	1,900	8,200
All catchments	41,050	2,900	12,350	56,300
LBDG submission				
Sub-regional	14,500	1,700	4,600	20,800
Elcho Rd East - North	7,200	550	1,000	8,750
Elcho Rd Valley	3,700	650	2,900	7,250
Elcho Rd West	7,950	0	2,000	9,950
Heales Rd West	7,450	0	2,050	9,500
All catchments	40,800	2,900	12,550	56,250

4.6 Supermarket floorspace demand

- ¹⁰⁴ This section of my statement analyses demand for supermarket floorspace across the NGGA generated by the residential population within each centre catchment.
- ¹⁰⁵ Analysis of supermarket floorspace demand is important because of the anchor role that supermarkets play in generating activity within neighbourhood centres. For example, full-line supermarkets typically attract between 0.5 million and 1 million individual shopping visits annually, many of which are associated with trips in which the grocery purchase is the main purpose. These visits generate the pedestrian activity that supports other centre tenants.
- ¹⁰⁶ Supportable supermarket floorspace can be estimated reasonably accurately using simple average provision rates, measured in terms of supermarket floorspace per capita.
- ¹⁰⁷ In Greater Geelong the current average supermarket provision rate is approximately 0.42 sqm per person. However, for the purpose of generating broad estimates of future supermarket floorspace demand for centres within the NGGA I have applied an average rate of 0.35 sqm per person, which is similar to the commonly accepted provision rate across Victoria.

- ¹⁰⁸ When these calculations are made, I estimate that approximately 19,700sqm of supermarket floorspace would be supportable by the total population within the combined catchments. This is shown in Table 3.
- ¹⁰⁹ There are some important differences in the way that this supportable floorspace is distributed across each catchment.
- ¹¹⁰ For example, the number of supported supermarkets can be considered by recognising that full-line stores are usually in the range 3,000-4,000sqm, while smaller modules such as ALDI or Supa IGA are usually in the range 1,500-1,800sqm.
- ¹¹¹ Based on these figures, it is clear that the Framework Plan describes a network in which two centres are likely to accommodate multiple supermarkets, while in the alternative LBDG scenario only the sub-regional centre is likely to have multiple supermarket operators.
- ¹¹² Under the Framework Plan option, both the smaller centres are likely to support a full-line supermarket, although noting that the amount of supportable supermarket floorspace generated within the Heales Road West catchment is slightly less than the typical full-line store.
- ¹¹³ Under the LBDG option three of the smaller centres would be able to support a full-line supermarket, but the catchment served by the Elcho Road Valley centre (the southern-most centre within the Elcho Road East precinct) would indicatively only support a store of around 2,500sqm.
- ¹¹⁴ The broad conclusion that I make from this analysis is that the changes to the network proposed by LBDG would lead to greater balance in catchment size among the defined neighbourhood centres, and a greater relative importance of the sub-regional centre as a location where multiple supermarkets would be present.

**Table 3—
Supermarket
floorspace demand**

Source: Deep End
Services

Catchment	Population	Supermarket floorspace demand (@ 0.35sqm/cap)
Framework Plan		
Sub-regional	21,100	7,400
Elcho Rd East	17,250	6,000
Elcho Rd West	9,750	3,400
Heales Rd West	8,200	2,900
All catchments	56,300	19,700
LBDG submission		
Sub-regional	20,800	7,300
Elcho Rd East - North	8,750	3,100
Elcho Rd Valley	7,250	2,500
Elcho Rd West	9,950	3,500
Heales Rd West	9,500	3,300
All catchments	56,250	19,700

4.7 Comparison of scenarios

¹¹⁵ In this section I make various comparisons between the network scenarios to enable an assessment of their relative merits in terms of:

- Whether the proposed centre network would be viable;
- The extent to which each centre network provides convenient walkable access to local services for the NGGA community;
- Whether each network promotes timely access to local services; and
- The extent to which each centre network is likely to promote a vibrant sub-regional centre that offers diverse higher-order uses.

Viability

¹¹⁶ In terms of viability, I note that my broad analysis of supportable supermarket floorspace shows that a supermarket can form the anchor role for each of the identified catchments.

¹¹⁷ The smallest catchment, in terms of supported supermarket floorspace, is that served by the Elcho Valley centre under the LBDG scenario, with a total of 2,500sqm supported by the surrounding catchment.

¹¹⁸ In my view the likely development outcome for this centre could be a smaller supermarket module of around 1,500-2,000sqm, with a larger full-line supermarket delivered at the Elcho Road East centre to the north helping to serve this catchment.

¹¹⁹ Although smaller supermarket modules are usually not preferred as they lead to lack of activity within their respective centre, in this instance I note that the Elcho Valley centre is envisaged to become a high-amenity location with a focus on health and wellness activities and potential for medium density housing. This is likely to help maintain local pedestrian activity, thereby supporting a sustainable and vibrant neighbourhood activity node.

Walkable access

¹²⁰ I have analysed the issue of walkable access by defining 1km radii around each centre under both scenarios, and estimating the population that lives within this combined region, expressed as a proportion of the total population within each precinct. The 1km radii are shown in Figure 6 (p23) and Figure 7 (p24) of this statement.

¹²¹ This analysis is undertaken in the context of the PSP Guidelines which set out a standard that “80-90% of households should be within 1km of a town centre of sufficient size to allow provision of a supermarket”.

¹²² Table 4 summarises the results of this analysis under each scenario, showing that:

1. The LBDG proposed changes would lead to an improvement in the overall share of the population within 1km of a supermarket-based centre, from 66% to 70%.
2. With respect to the Elcho Road East precinct, the proposed changes would lead to a *significant improvement in accessibility* to supermarket shopping within 1km, from 49% to 81%.

3. The proposed changes would lead to a decline in the share of the population within 1km of a supermarket centre in the Heales Road West Precinct. However, I note that this is an area that has a strong prospect of accommodating a local activity centre in the longer-term given the expectation that land in the rural living zone would eventually transition to conventional residential. The additional population associated with this longer-term transition has not been factored into my analysis of supermarket floorspace demand.

¹²³ In summary, the proposed changes would lead to an improvement in convenient walkable access to local services.

**Table 4—
Proportion of
precinct population
within 1km of a
neighbourhood
centre**

PSP area	Framework Plan	LBDG
Elcho Rd East PSP	49%	81%
Elcho Rd West PSP	92%	93%
Heales Rd East PSP	35%	40%
Heales Rd West PSP	78%	61%
Total	66%	70%

Source: Deep End Services

¹²⁴ I note that Action W3.1.16 with respect to the WGGA states that local activity centre would be supported in areas that are located beyond a comfortable walk to the sub-regional or neighbourhood centres.

¹²⁵ In my experience it is often difficult to establish successful local activity centres, mainly because in the absence of a supermarket they tend to have difficulty in attracting a range of retail tenants. Centres nominated as local centres have often ended up accommodating just a few stores – say a mixed business store and café adjacent to community facilities such as a school or child care centre. This is no substitute for access to supermarket shopping as set out in the PSP Guidelines.

¹²⁶ With respect to the Elcho Road East precinct, the inclusion of a local activity centre is an especially difficult prospect, because potential tenants will be aware that a more attractive location within a large neighbourhood centre will become available within the next few years.

¹²⁷ The inclusion of local centres to fill ‘holes’ in the network later in the delivery sequencing – such as I have indicated in the area south-west of the sub-regional centre – has more prospect of succeeding given the later timing and larger dedicated catchment in this area (especially when rural living starts to transition to conventional housing).

Development timing

¹²⁸ I am advised by LBDG that the progression of development within the Elcho Road East precinct would be generally from the Patullos Road extension westwards towards the adjusted site proposed for the Elcho Road East neighbourhood centre, then progressing southwards along the escarpment plateau.

¹²⁹ Development of the proposed northern centre would be supportable when the population reaches in the order of 7,000 persons (noting that supermarket operators

are known to enter markets at about this population threshold as long as there is the prospect of further catchment growth).

- ¹³⁰ The Framework Plan identifies a site generally on the Elcho Road arterial road extension. In order to support development at this location, urban housing would need to have extended beyond this centre, with the catchment likely to be about 12,000 residents at this time.
- ¹³¹ The conclusion to be drawn is that the proposed changes to the centres network would lead to earlier development of neighbourhood facilities to serve the initial residents within the NGGA.

Effect on sub-regional centre

- ¹³² Development of the sub-regional centre is a medium to long term prospect, with higher-order shopping services not likely to be supportable until the wider NGGA population reaches around 35,000 to 40,000 people.
- ¹³³ The progression from a neighbourhood centre to a sub-regional centre is typically accompanied by the inclusion of a DDS along with a substantial number of specialty stores. In terms of floorspace growth, this generally translates to an expansion from a centre of around 8,000 sqm with a neighbourhood role (usually supported by one full-line supermarket) to a centre of around 25,000sqm accommodating a DDS, multiple supermarkets and a wide offer of specialty retailing. There may be an intermediary stage when a second supermarket is added along with other specialty stores.
- ¹³⁴ The ability to attract multiple supermarkets can be critical to securing the other elements of the centre, for the reasons that I have mentioned earlier in this statement – ie the frequent visitation to undertaken grocery shopping which establishes shopping patterns and supports the performance of other retailers and service providers.
- ¹³⁵ With this background, my concern is that the Framework Plan provides for two centres that have relatively large catchments: around 21,000 people in the core catchment served by the sub-regional centre; and around 17,000 people for the Elcho Road East neighbourhood centre.
- ¹³⁶ This means there is a very real prospect that the Elcho Road East centre will accommodate multiple supermarkets; indeed, it is unlikely that a centre of 10,000-12,000sqm would be able to be established unless more than one full-line supermarket were present.
- ¹³⁷ Moreover, the catchment for this centre will be well-established prior to development occurring within the immediacy of the sub-regional centre.
- ¹³⁸ The implication is that the creation of a large neighbourhood centre at Elcho Road East may detract from the role and development opportunity at the sub-regional centre, and delay its development as the location for sub-regional retail, business and community services.

4.8 Summary

- ¹³⁹ By contrast, the proposed addition of another smaller centre along the monocline escarpment would create a strong hierarchy with well-defined roles for each centre, and less prospect for development within the neighbourhood centres to detract from the higher-order role of the sub-regional centre.
- ¹⁴⁰ In summary, the analysis I have presented in this section shows that the proposed changes to the number and location of neighbourhood centres across the NGGA have merit.
- ¹⁴¹ The resulting network of centre would be viable in terms of supporting appropriate levels of retail development, including a supermarket.
- ¹⁴² Moreover, the proposed changes would improve convenient walkable access to local services, would provide timely delivery of services for the initial community within the NGGA, and would ensure that potential development within neighbourhood centres does not detract from the future higher-order role of the sub-regional centre.

5

Delivery and Sequencing

- ¹⁴³ I have been asked to consider LBDG's proposal to adjust the boundaries of the two southern precincts so that the residential component of the Heales Road East precinct is incorporated into planning for delivery of the sub-regional centre.
- ¹⁴⁴ As I have noted in section 3 of this statement, Council's response to this submission was as follows:
- Not supported.*
- Neighbourhood-sized precincts identified in the growth area.*
- Broad hectare land in the subject area will assist to progress the PSP planning for the surrounding employment precinct and rural living areas.*
- The subject area is highly visible/exposed to the Geelong community and delaying its development will allow for the housing market in the growth area to produce more attractive development outcomes.*
- ¹⁴⁵ In my opinion the following matters are relevant:
- ¹⁴⁶ The proposed inclusion of the residential land to the east of the sub-regional centre would clearly assist in ensuring that the PSP properly accounts for the residential population within the catchment served by the sub-regional centre.
- ¹⁴⁷ Council states that precincts are identified to reflect neighbourhood-sized catchments. However, this is clearly not the case for the Heales Road East precinct which hasn't been designed around a neighbourhood centre.
- ¹⁴⁸ The inclusion of broad hectare residential land would generate funding that helps to progress PSP planning for the employment precinct. However, alternative arrangements could be put in place to ensure that funding for the employment precinct PSP could be secured.

- ¹⁴⁹ Council states that the precinct boundary designations would lead to a delay in development on the monocline escarpment, and that this would “*allow for the housing market in the growth area to produce more attractive development outcomes*”.
- ¹⁵⁰ The statement that delayed development would “*produce more attractive development outcomes*” is difficult to interpret as there is no further comment on what would constitute less-acceptable development outcomes.
- ¹⁵¹ The following comments in relation to the nature and operation of housing markets are provided in response:
1. Geelong is already a mature housing market in which a wide variety of housing formats are being delivered, and attractive formats are available that could be developed along the monocline.
 2. Normal market dynamics tend to encourage high quality development on land that has underlying attractive features, as this helps to ‘extract’ the most value from the land for the developers, and can establish a high-quality brand for the development as a whole.
 3. This is especially relevant in the NGGA where LBDG control almost all of the designated residential land on the monocline and the escarpment. It is in LBDG’s interests to highlight the design response in this part of the NGGA in order to raise market interest in housing product across the whole of its land interests.
 4. Council may have concern that development will favour ‘volume’ over quality, but this fear is ungrounded in this instance because LBDG control such a large share of the growth area and can therefore establish ‘volume’ type product in more appropriate parts of the precinct.
- ¹⁵² In summary, earlier sequencing of land near the sub-regional centre will deliver benefits associated with better planning and potential to establish the role of the centre earlier than would otherwise be the case. The potential for low quality development along the monocline and escarpment is low given the incentive for the developer to deliver high quality product in this area to reflect the underlying quality of the land.

6

Conclusions

¹⁵³ My opinions with respect to this matter can be summarised as follows:

1. The Settlement Strategy is a well-formulated piece of research that identifies the need to plan for high levels of population growth in Greater Geelong and establishes the NGGA as one of the main locations to absorb new greenfield housing demand.
2. The Framework Plan is an important strategic study that describes the anticipated form of development across the NGGA. The Framework Plan is the proper place to address wider structural issues across the growth area including the number, relative role and broad spatial distribution of activity centres.
3. Precinct structure plans ('PSPs') will necessarily contain more detailed, fine-grained planning, and analysis undertaken during preparation of PSPs may lead to adjustments to the size and location of centres. However, PSPs are not an appropriate stage at which to make significant changes to growth area-wide matters such the number, distribution and relative role of activity centres – these are issues that should be addressed during implementation of the Framework Plan through Am C395.
4. The proposed changes submitted by LBDG reflect more advanced planning that has been informed by detailed technical input, leading to a more site-responsive design for the road alignment and land uses.
5. The LBDG's proposed changes to the location of activity centres in the north-eastern part of the NGGA have merit, and would lead to a network that delivers accessible services to the local community earlier than would otherwise be the case, improves access to local shopping services, and protects the longer-term higher-order role of the designated sub-regional centre.
6. Having identified the number, locations and relative roles of activity centres, the Framework Plan should not be prescriptive with regard to retail floorspace

provisions for each centre. Rather, broad guidance should be provided within flexible ranges, for example referring to neighbourhood centres as anchored by supermarkets and generally containing up to 8,000 sqm of retail floorspace. More detailed planning during preparation of PSPs will resolve details such as appropriate shop floorspace limits applied in the schedule to the Urban Growth Zone.

7. The proposed expansion of the Heales Road West PSP to include residential land around the proposed MAC would improve planning for this centre by incorporating the whole of its catchment.
 8. Geelong is a mature housing market in which a wide variety of houses are already delivered. The high-quality nature of the land on the monocline and escarpment would incentivise high quality outcomes, especially as LBDG has control of such a large share of the total growth area. A delay in development is unlikely to affect the type of housing delivered on the monocline escarpment.
- ¹⁵⁴ I have been instructed to consider whether the proposed changes to the network of activity centres would have any effect on the Retail Strategy and how it deals with the NGGA. On this matter, I understand that the Strategy is to be altered to remove references to floorspace demand and supply modelling for the NGGA and WGGGA to reflect the fact that these will be subject to further consideration during preparation of PSPs. This means that the proposed changes to the Framework Plan with respect to activity centres will have no effect on Am C395.
- ¹⁵⁵ In arriving at my conclusion, I have made all the inquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Panel.



Matthew Lee
Principal, Deep End Services

6 November 2019

Appendix A Curriculum vitae for Matthew Lee

Current Position:	Principal, Deep End Services Pty Ltd April 2012 - current
Previous Positions:	Director, Essential Economics Pty Ltd March 2011 - March 2012 Senior Associate, Essential Economics Pty Ltd January 2004 - March 2011 Senior Economist, Essential Economics Pty Ltd September 1997 - January 2004 Economist, Henshall Hansen Associates May 1995 - September 1997
Academic Qualifications:	Bachelor of Commerce (Economics) University of Melbourne (1994)
Skills / Attributes:	Extensive experience in urban and regional economic assessment, industry sector analysis and property market evaluation throughout Australia. Range of experience includes: <ul style="list-style-type: none"> • Market assessments for retail, commercial, industrial and residential property development • Demand assessments for a wide range of allied uses including childcare centres and retirement villages • Economic impact assessments to accompany planning applications • Expert witness representation • Retail studies and demand evaluation • Economic input to master plans, structure plans • Economic analysis for growth area planning and structure plan preparation • Local and regional economic effects for environmental impact assessments • Economic assessments for major infrastructure projects.

Professional Experience

Principal, Deep End Services (April 2012 - current)

Matthew joined Deep End Services in April 2012 to assist clients with a common requirement - the need to quantify the effects of the location of their business or property on sales, profitability, growth and income. "DEEP" represents three core service areas:

- Demand Evaluation
- Economics
- Planning

Within each of these three areas, Deep End Services provides consulting advice to retailers, property owners, property developers and others such as financial institutions, infrastructure providers and industry associations. The products offered include:

- Store network planning and sales forecasting
- Acquisition due diligence
- Feasibility analysis
- Economic impact assessment

Deep End's property clients include:

- Amcor, AMP, Australand, Brookfield Multiplex, Cbus Property, Charter Hall Retail REIT, Federation Centres, Harvey Norman, Home Consortium, ISPT, Lend Lease, MAB Corporation, Macquarie Bank, Mirvac, Orica, Ouson Group, Pellicano, Places Victoria, Stockland, Walker Corporation and Westfield

Deep End's retail clients include:

- ALDI, About Life, Anaconda, Baby Bunting, Beacon Lighting, City Farmers, Clark Rubber, Coles, Costco, Harris Scarfe, Masters, Noni B Group, Pacific Brands, Pet Barn, Quick Service Restaurant Holdings, Spotlight, The Good Guys, Trade Secret, Urban Purveyor and Woolworths

Deep End's other clients include:

- ANZ, Crescendo Partners, InterContinental Hotels Group, KPMG, Large Format Retail Association, Medibank Private, Melbourne Racing Club, Newcastle Permanent Building Society and Reading Entertainment

Essential Economics (September 1997 - March 2012)

Matt was employed with Essential Economics from its formation in 1997 until March 2012, where he held senior management roles. During that time, he undertook a wide range of projects across all property types, but with a strong focus on the retail sector.

Matt's project experience includes:

- site feasibility analysis and development evaluation
- market demand analysis
- economic impact studies
- market research
- highest and best use analysis
- input to masterplans and other planning-related studies
- economic impact assessments for major infrastructure projects and environmental impact assessments
- policy advice for state and local governments.

Private sector clients have included property developers and owners such as MAB, Mirvac, Stockland and AMP; and retailers such as Costco, Bunnings and ALDI.

Matt's policy work has been undertaken for a wide range of clients in local government and state government agencies and government authorities. Examples include the Department of Planning and Community Development (VIC), Department of Business and Innovation (VIC), Growth Areas Authority (VIC), Department of Planning and Local Government (SA), VicRoads and Places Victoria. Project experience has included:

- activity centre strategies
- input to growth area structure plans
- input to urban framework plans, masterplans, etc
- economic development strategies
- tourism studies
- economic profiles.