APPENDIX A

Portland

Rural Living Assessment

Prepared by **Macroplan**
with **Myers Planning Group**
for **Glenelg Shire Council**

20 September 2019

macroplan

About this Report

This report was prepared by **Macroplan** in collaboration with **Myers Planning Group** on behalf of **Glenelg Shire Council (Council).**

The purpose of this report is to examine the current and future state of rural residential land supply and demand across the municipality, with a particular focus on the Portland region which contains the majority of rural residential land.

Important Notice

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Executive Summary

There appears to be sufficient immediate and latent supply of Rural Living Zone lots within Portland's sub-markets Bolwarra, Dutton Way, Allestree and Narrawong to cater to foreseeable demand for rural living dwellings within Portland.

Study Context

The following report addresses a long held view there is a rural living supply issue across the municipality – with significant volumes of land zoned for rural living that is unavailable to the rural residential market for dwelling construction due to this land not being appropriately subdivided for this purpose. This is creating a lack of certainty about the market for rural residential property, particularly in the Portland region.

Rural Residential Land Supply

The Shire of Glenelg spans a total area of 6,218 square kilometres of which 4.4% is zoned for urban settlement or employment uses, 70% primarily for agricultural uses with the balance zoned for various other uses such as public recreation and environmental conservation.

At September 2019, across the Glenelg municipality there is a total of 20,870 hectares or 2,268 lots zoned primarily for the purpose of rural residential development with 55.7% of lots zoned Rural Conservation Zone, 37.6% of lots Rural Living Zone, 6.7% of lots Low Density Residential Zone.

The majority of rural residential land is contained within the Portland sub-markets of Portland West (76 lots), Dutton Way (165 lots), Allestree (142 lots), Bolwarra (212 lots) and Narrawong (127 lots).

Approximately 471 of these lots are occupied by a dwelling and 269 lots are vacant, resulting in a vacancy rate of 36.4%. The majority of rural residential lots are zoned either Rural Conservation Zone or Rural Living Zone with the balance Low Density Residential.

Within Portland's sub-markets, there is 740 parcels zoned Rural Living Zone of which 141 parcels have **immediate** development potential and may yield up to 180 new dwellings with 76 parcels having **latent** development potential to yield up to 217 new dwellings. Latent potential refers to lots that are able to be developed but are unlikely to be delivered to the market for rural residential development in the short term.

Demand for Rural Residential Land

In the Portland sub-market, demand for vacant rural residential land accounts for around 5% of total property sales volumes. Historically net dwelling demand within the municipality of Glenelg was around 90 dwellings per annum (2012) with the majority of this demand being in Portland. More recently official State Government forecasts (2014)) have reduced net dwelling demand forecasts to around 47 dwellings per annum to account for regional population growth trends and other economic conditions within the region. In 2019 the latest Victoria in Future Forecasts suggest net dwelling demand within the municipality of Glenelg will decline further to 22 lots per annum. The more recent forecasts have the potential to under-represent the true extent of demand for dwellings in a rural residential setting within Portland and elsewhere in Glenelg.

For analysis purposes the following rural residential demand scenarios have been adopted to establish a baseline, mid-range and upper-range forecasts.

1. **Baseline** – Average of 5% of residential property sales are for vacant rural lifestyle/residential properties.
2. **Mid-range** – trend rural residential lot production remaining constant at 10 lots per annum (assumed base range); and
3. **Upper range** – Long-term historic share of rural residential development at 14% of total residential construction activity as a share of VIF2012 population growth (upper range).

The upper range does not adopt VIF2019 or VIF2014 revised population projections as the basis for establishing an upper demand projection for rural residential lot demand as VIF2014 is 50% below VIF2012 and VIF2019 is at least 50% of VIF2014. This has the potential to significantly under-represent actual demand for rural residential land in Portland's sub-markets.

Adopting the above scenarios the estimates of rural residential dwelling/lot projections are provided (presented in the following table).

Rural Residential Dwelling / Lot Demand Projections, 2019-2036

Location	Baseline Scenario		Mid-range Scenario		Upper Range Scenario	
	Total Lots	*Lots p.a.*	Total Lots	*Lots p.a.*	Total Lots	*Lots p.a.*
Bolwarra, Dutton Way, Allestree	27	*1.6*	66.3	*3.9*	85	*5.0*
Portland West	22	*1.3*	51	*3.0*	66.3	*3.9*
Narrawong	7	*0.4*	17	*1.0*	20.4	*1.2*
Gorae West / Heathmere	15	*0.9*	37.4	*2.2*	47.6	*2.8*
Portland Sub-market	**71**	***4.2***	**171**	***10.1***	**219**	***13***

Source: Myers Planning Group, macroplan (2019)

This indicates projected rural residential dwelling / lot demand of between 4.2 lots per annum or a total of **71 lots** (baseline forecast) and 13 lots per annum or a total of **219 lots** (upper range forecast) during the period between 2019 to 2036.

Bolwarra and Portland are the largest sub-markets accounting for around 40% and 30% of total forecast rural residential demand – or up to 5 lots p.a. and 4 lots p.a. respectively by 2036.

Demand for rural residential land will likely be distributed across several of Portland's sub-markets depending on available supply and market interest.

Adequacy of Supply - Rural Residential Supply-Demand Balance

A breakdown of vacant zoned RLZ land by yield type by yield type (i.e. immediate, latent) is presented below for each of the Portland sub-markets. Gorae West / Heathmere is excluded as there is no RLZ land within this sub-market.

The total supply of Rural Living Zone land within the Portland sub-markets of Bolwarra, Dutton Way, Allestree and Portland West equates 397 dwellings immediate and latent capacity.

- Immediate rural residential lot yields within the Portland sub-markets totalling **180 dwellings** from **141 parcels**; and
- Latent yield of **217 dwellings** from **76 parcels**.

New Dwelling Capacity, RLZ

Location	New Dwellings Capacity (Immediate)	New Dwellings Capacity (Latent)	Total Dwellings Capacity (Immediate + Latent)
Bolwarra	62	92	154
Dutton Way	44	23	67
Allestree	32	26	58
Portland West	10	32	42
Narrawong	32	44	76
Portland Sub-market (excluding Gorae West / Heathmere)	**180**	**217**	**397**

Source: Myers Planning Group, macroplan (2019)

A breakdown of immediate rural residential land supply within each of the Portland sub-markets is presented below.

This demonstrates there is between **14 and 43 years** rural residential land supply that may be derived **immediately** from zoned RLZ land within Portland's sub-markets and a further **17 to 52 years latent** rural residential supply available across Portland's sub-markets.

Immediate Rural Residential Land Supply Projections

Location	Baseline Scenario	Mid-Range Scenario	Upper Range Scenario
Bolwarra, Dutton Way, Allestree	86 years	35 years	27 years
Portland West	8 years	3 years	3 years
Narrawong	80 years	32 years	27 years
Portland Sub-market (excluding Gorae West / Heathmere)	**43 years**	**18 years**	**14 years**

Source: Myers Planning Group, macroplan (2019)

Impacts of Major Investment Proposals – Sensitivity Analysis

There above demand scenarios do not account for the economic impacts of one-off events (either positive or negative) such as the staged wind-down or closure of major businesses or new investments in the municipality, specifically Portland.

An example of a proposed major business investment that may create future demand for residential dwellings in Portland is the proposed $73 million, 1000-tonne abalone farm project to be developed Dutton Way, Bolwarra.

The project is expected to be completed within 4 years and result in 100 full-time jobs on site and a further 60 jobs in Portland with an annual abalone output valued at $50 million.

Assuming at least 50% of full time on site jobs are new jobs that attract residents to Portland from outside the Portland area, this may generate demand for up to 50 dwellings in the future, with the specific timing of this demand being uncertain. Under a baseline scenario this may generate demand for around 2-3 vacant rural residential lots.

Assuming 70% of full time on site jobs are new jobs and 50% of other jobs created within Portland are new jobs, this may result in demand for up to 100 dwellings or around 5 vacant rural residential lots.

Assuming all jobs are new jobs resulting in a requirement for up to 160 new dwellings, under a baseline scenario this may result in demand for up to 8-10 rural lots.

Conclusions

There appears to be sufficient **immediate and latent supply** of Rural Living Zone lots within Portland's sub-markets Bolwarra, Dutton Way, Allestree and Narrawong to cater to foreseeable demand for rural living dwellings.

There appears to be sufficient existing supply of Rural Living Zone lots within Portland's sub-markets, particularly Bolwarra, Dutton Way, Allestree and Narrawong to cater to demand arising from major investment projects such as the proposed Abalone plant at Bolwarra.

1_Introduction

1.1_Context

This report was prepared by Macroplan in collaboration with Myers Planning Group on behalf of Glenelg Shire Council.

The purpose of this report is to examine the current and future state of rural residential land supply and demand across the municipality, with a particular focus on the Portland region which contains the majority of rural residential land.

Specifically, this report seeks to address a long held view that rural living land supply presents an issue across the municipality – with significant tracts of land zoned for rural living that are unavailable to the rural residential market for dwelling construction due to this land not being appropriately subdivided for this purpose. This is leading to a lack of certainty about the market for rural residential property, particularly in the Portland region.

The assessment presented in this report references several previous studies including the *Glenelg Shire Rural Land Strategy*, 28 March 2018 *and Technical Assessment Report*, 2016 prepared by RMCG and the *Rural Residential Land Demand & Supply Assessment – Glenelg*, February 2015 prepared by Spatial Economics.

1.2_Spatial Context

This report identifies and describes land zoned for rural residential development across the municipality within the following zones:

- Rural Living Zone (RLZ),
- Low Density Residential Zone (LDRZ),
- Rural Conservation Zone (RCZ), and
- Farming Zone (FZ).

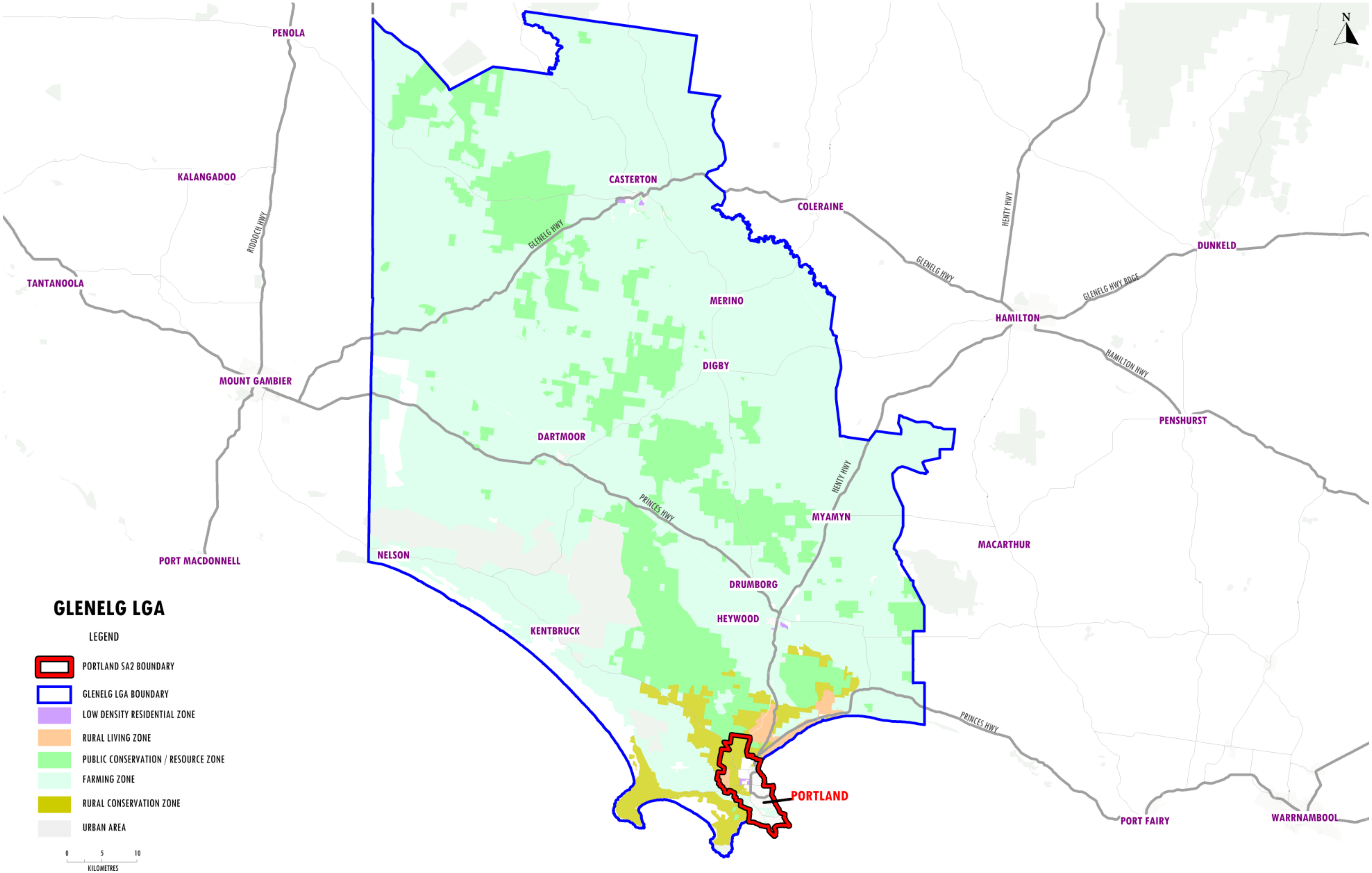
The sub-markets within the Portland region that are the focus of the assessment are:

- Portland West,
- Dutton Way,
- Bolwarra,
- Allestree, and
- Narrawong.

Several locations outside the Portland region are identified but are not considered in detail in this assessment.

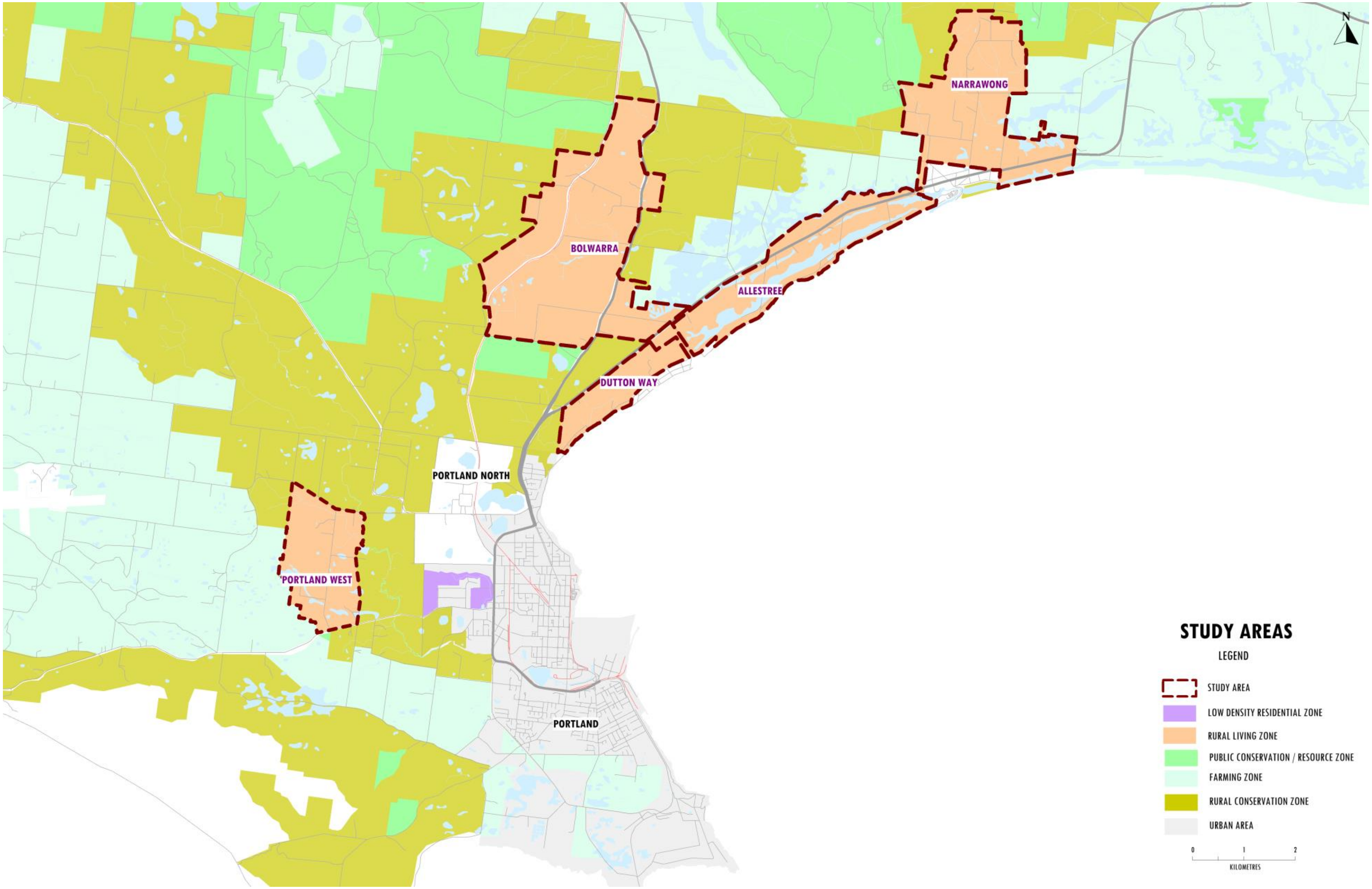
Map 1 overleaf presents the regional context of the Glenelg LGA and Map 2 on the following page illustrates the key sub-market in Portland and surrounds.

Map 1_Regional Context



Source: DELWP, macroplan (2019)

Map 2_Portland & Sub-markets



Source: DELWP, macroplan (2019)

1.3_Rural Residential Zones & Land Areas

The municipality of Glenelg spans an area totalling 6218.6 square kilometres, of which 4.4% is zoned for urban settlement and related activities, 70% is zoned for agricultural uses with the balance zoned for public use and conservation.

Across the municipality, rural residential development exists within the Rural Living Zone, Low Density Residential Zone, Rural Conservation Zone and Farming Zone.

Rural Living Zone (RLZ)

The purpose of the RLZ is to provide for residential use in a rural environment and some agricultural uses, and to protect and enhance the natural resources, biodiversity and landscape and heritage values of the area.

Under the RLZ, only one dwelling is permitted per lot with a minimum subdivision area of 4 hectares for all land. A second dwelling may be proposed on site if a number of requirements are met.

Low Density Residential Zone (LDRZ)

The purpose of the LDRZ is to provide for low-density residential development on lots which, in the absence of reticulated sewerage, can treat and retain all wastewater.

Under the LDRZ, up to two dwellings is permitted per lot if a number of requirements are met. there is no minimum subdivision area.

Rural Conservation Zone (RCZ)

The purpose of the RCZ is to conserve the values specified in a schedule to this zone, including natural environment and natural processes for their historic, archaeological and scientific interest, landscape, faunal habitat and cultural values, natural resources and the biodiversity of the area, cultural significance and character of open rural and scenic nonurban landscapes.

Under the RCZ, only one dwelling is permitted per lot with Schedule 2 applying a minimum subdivision area of 2 hectares for all land if a number of requirements are met.

Farming Zone (FZ)

The purpose of the FZ is to provide for the use of land for agriculture.

Under the FZ, only one dwelling is permitted per lot with the Schedule applying a minimum subdivision area of 40 hectares for all land. A second dwelling may be proposed on site if a number of requirements are met.

Details relating to these zones including their purposes, requirements and prohibited uses are contained in the Annexure *A1_Planning Zones*.

A breakdown of rural residential land areas by zone across the municipality as at 2019 is presented below:

- Rural Conservation Zone – 17,141.6 hectares comprising 1,263 lots;
- Rural Living Zone – 3,456.4 hectares comprising 852 lots;
- Low Density Residential Zone – 271.5 hectares comprising 153 lots.

Detailed rural residential land areas by zone within each of the sub-markets are contained in Section *2_Rural Land Supply*.

1.4_Methodology

Overview

Spatial Economics prepared a report titled *Rural Residential Land Demand & Supply Assessment – Glenelg*, dated February 2015 which presented a detailed assessment of rural residential land supply within the municipality, including several scenarios for future demand for rural residential land reflecting Victoria in Future (VIF) 2012 and VIF2014 population projections.

The 2015 Spatial Economics report assessed trends in rural residential land supply during the period 2007-2014 across several zones, including RCZ, RLZ and LDRZ. Rural residential land supply was mapped across several regional areas including Casterton, Merino, Digby, Dartmoor, Nelson and Heywood as well as the Portland region's sub-markets of Bolwarra, Gorae West / Heathmere, Narrawong and Portland.

The assessment presented in this paper does not seek to replicate the detail set out in the earlier Spatial Economics report. Rather the focus of this assessment is to provide the following:

1. An updated 2019 picture of the stock of available rural residential land across the municipality by status (i.e. vacant, occupied) by zone (RLZ, LDRZ) and by location (i.e. regional areas, Portland sub-markets).
2. A detailed assessment of the immediate and latent supply of rural residential lots / dwellings within the RLZ, specifically within Portland's submarkets - Portland West, Dutton Way, Bolwarra, Allestree and Narrawong.
3. An updated 2019 picture of potential future demand for rural residential lots based on the most recent VIF2019 population projections, referencing the earlier scenarios prepared by Spatial Economics, with a focus on understanding demand within Portland's submarkets - Portland West, Dutton Way, Bolwarra, Allestree and Narrawong.

Further details of the approach adopted in this assessment to address rural residential land supply and demand is set out below.

Rural residential land supply assessment

An assessment of land zoned RLZ and LDRZ within regional areas and Portland's sub-markets was undertaken during September 2019 using Google Maps. This assessment compared land parcels / lots zoned RLZ and LDRZ between 2014 and 2019 order to identify changes in land being **occupied** or **vacant** during this period. There were very few changes observed between 2014 and 2019 in respect of land zoned LDRZ.

A more detailed assessment of land zoned RLZ is undertaken specifically within Portland's submarkets - Portland West, Dutton Way, Bolwarra, Allestree and Narrawong to assess **immediate supply** and **latent supply**.

- **Immediate supply** is land which, for all intents and purposes, is available for rural residential development without significant infrastructure or constraints.
- **Latent supply** is land which is able to be developed but is not likely to be developed for rural residential development in the short term (if at all). Assumptions used for this rural residential land supply category incorporate qualitative and quantitative methods, including:
  - Local consultation with property and development stakeholders (i.e. Council, real estate agents and land surveyors etc.), which included commentary around historical interest in property development within the area, market preferences (i.e. location of development) history of parcel holdings and landowner interest;
  - Rates classifications (for primary production tax exemptions and fire levy purposes);
  - Victorian Land Use Information System classifications (2017 – verified where necessary with 2018 aerial imagery);

- Analysis of aerial imagery; and
- Analysis of recent planning permit decisions.

The above assessment did address the extent of immediate or latent supply within land zoned RCZ or LDRZ. The assessment did not address regional locations outside of Portland's sub-markets.

Demand for rural residential land

The demand assessment presented in this report adopts three rural residential demand scenarios, a baseline and two alternative scenarios which are from the 2015 Spatial Economics assessment, which are deemed to be appropriate for establishing a mid and upper lot production range for analysis purposes.

1. Baseline – Average of 5% of residential property sales are for vacant rural lifestyle/residential properties.
2. Mid-range – trend rural residential lot production remaining constant at 10 lots per annum (assumed base range); and
3. Upper range – Long-term historic share of rural residential development at 14% of total residential construction activity as a share of VIF2012 population growth (upper range).

Successive VIF population and dwelling demand projections are re-based and recalculated to account for actual population growth and changes in the local economy impacting population growth, including regional migration patterns, workforce growth / employment trends by industry and changes in the general structure of the economy.

The revisions have the potential to significantly under-represent actual demand for rural residential land in Portland's sub-markets.

Rural Living Zone Capacity Assessment

This assessment focuses on immediate and latent supply of land zoned RLZ relative to demand for rural residential lots within Portland's sub-markets Portland West, Dutton Way, Bolwarra, Allestree and Narrawong.

An assessment of capacity for land zoned RLZ to meet forecast demand for rural residential on an immediate basis and a latent basis in Portland's sub-markets is presented.

1.5_References

The following data, information and reports were referenced in preparing this report.

- Australian Bureau of Statistics (ABS)
- Department of Environment, Land, Water and Planning (DELWP)
- Glenelg Shire Council Enquiry Data
- Glenelg Shire Rural Land Strategy, RMCG, 28 March 2018
- Glenelg Shire Rural Land Strategy Technical Assessment Report, RMCG, 2016
- Myers Planning Group Data
- Rural Residential Land Demand & Supply Assessment – Glenelg, February 2015 prepared by Spatial Economics
- Stakeholder Engagement
- Victoria in Future (VIF) 2014 & 2019

2_Rural Residential Land Supply

2.1_Overview

This section identifies the stock of rural residential land within several relevant zones across Glenelg's regions and Portland's sub-markets with a focus on identifying immediate and latent land supply within the Rural Living Zone within Portland's sub-markets.

2.2_Existing Rural Land Supply

The Shire of Glenelg spans a total area of 6,218 square kilometres of which 4.4% is zoned for urban settlement or employment uses, 70% primarily for agricultural uses with the balance zoned for various other uses such as public recreation and environmental conservation.

At September 2019, across the Glenelg municipality there is a total of **20,870 hectares** or **2,268 lots** zoned primarily for the purpose of rural residential development with 55.7% of lots zoned Rural Conservation Zone, 37.6% of lots Rural Living Zone, 6.7% of lots Low Density Residential Zone.

The majority of rural residential lots are zoned either Rural Conservation Zone or Rural Living Zone with the balance Low Density Residential.

Table 1_Exsiting Rural Residential Land Stock, Glenelg LGA, 2019

Zone	Area(Ha)	Lots
LDRZ	271.5	153
RCZ1	6,047.1	361
RCZ2	11,075.7	884
RCZ3	18.9	18
RLZ	3,456.4	852
Total	**20,870**	**2,268**

Source: DELWP, macroplan (2019)

Portland's sub-markets contain **740 lots** across approximately 3,230.6 ha land zoned RLZ. Including:

- Portland West: 395.7 ha comprising 76 lots,
- Dutton Way: 216.2 ha comprising 165 lots,
- Allestree: 573.2 ha comprising 146 lots,
- Bolwarra: 1,264.2 ha comprising 212 lots, and
- Narrawong: 781.2 ha comprising 141 lots.

Approximately 471 of these lots are occupied by a dwelling and 269 lots are vacant, resulting in a vacancy rate of 36.4%.

Table 2 and 3 present the current rural residential land zoned RLZ within each of the Portland sub-markets. Maps on the following pages illustrates existing rural residential land stock by zones.

Table 2_Exsiting Rural Residential Land Stock, Portland Sub-markets, 2019

2019	**Rural Living Zone (RLZ)**	
	Ha	Lots
Portland West	395.7	76
Dutton Way	216.2	165
Allestree	573.2	146
Bolwarra	1,264.2	212
Narrawong	781.2	141
Total	**3,230.6**	**740**

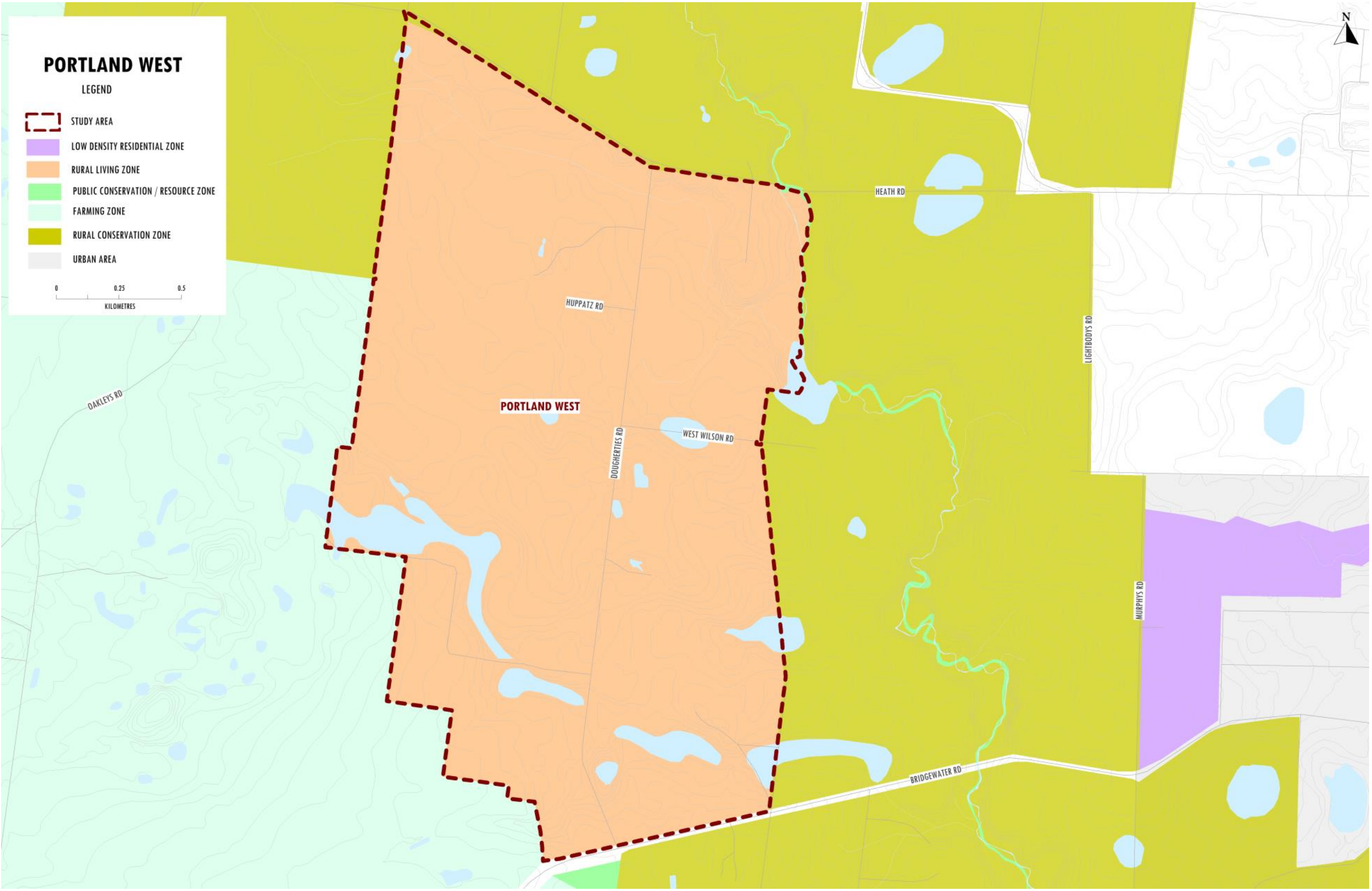
Source: DELWP, macroplan (2019)

Table 3_Exsiting Rural Residential Land Stock by Type, Portland Sub-markets, 2019

2019	**Rural Living Zone (RLZ)**				
	Occupied		**Vacant**		**Total Lots**
	Lots	%	Lots	%	
Portland West	66	86.8%	10	13.2%	**76**
Dutton Way	107	64.8%	58	35.2%	**165**
Allestree	69	47.3%	77	52.7%	**146**
Bolwarra	160	75.5%	52	24.5%	**212**
Narrawong	69	48.9%	72	51.1%	**141**
Total	**471**	**63.6%**	**269**	**36.4%**	**740**

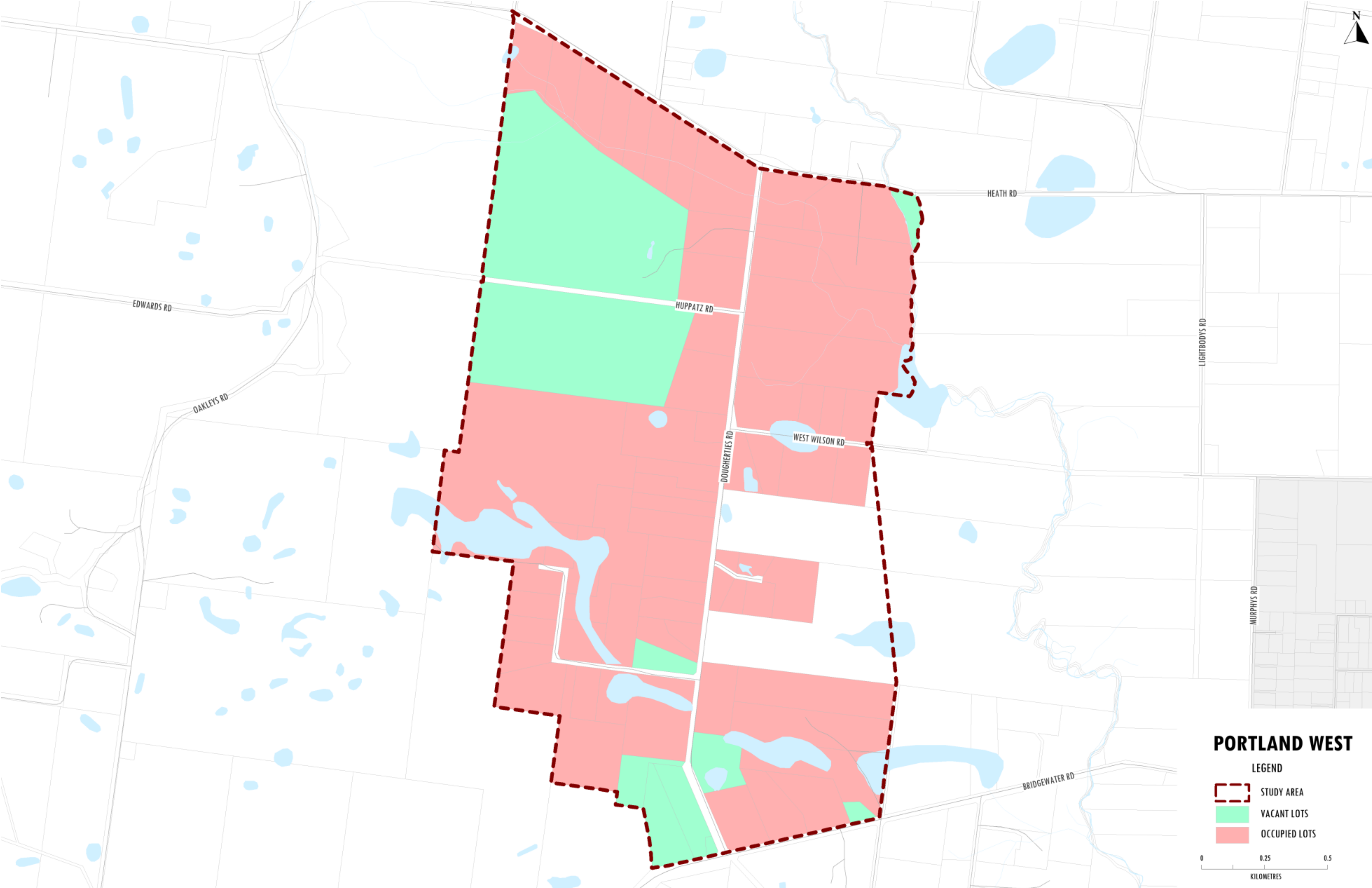
Source: DELWP, macroplan (2019)

Map 3_Existing Rural Residential Land Stock, Portland West



Source: DELWP, macroplan (2019)

Map 4_Existing Rural Residential Land Stock – RLZ by Type, Portland West

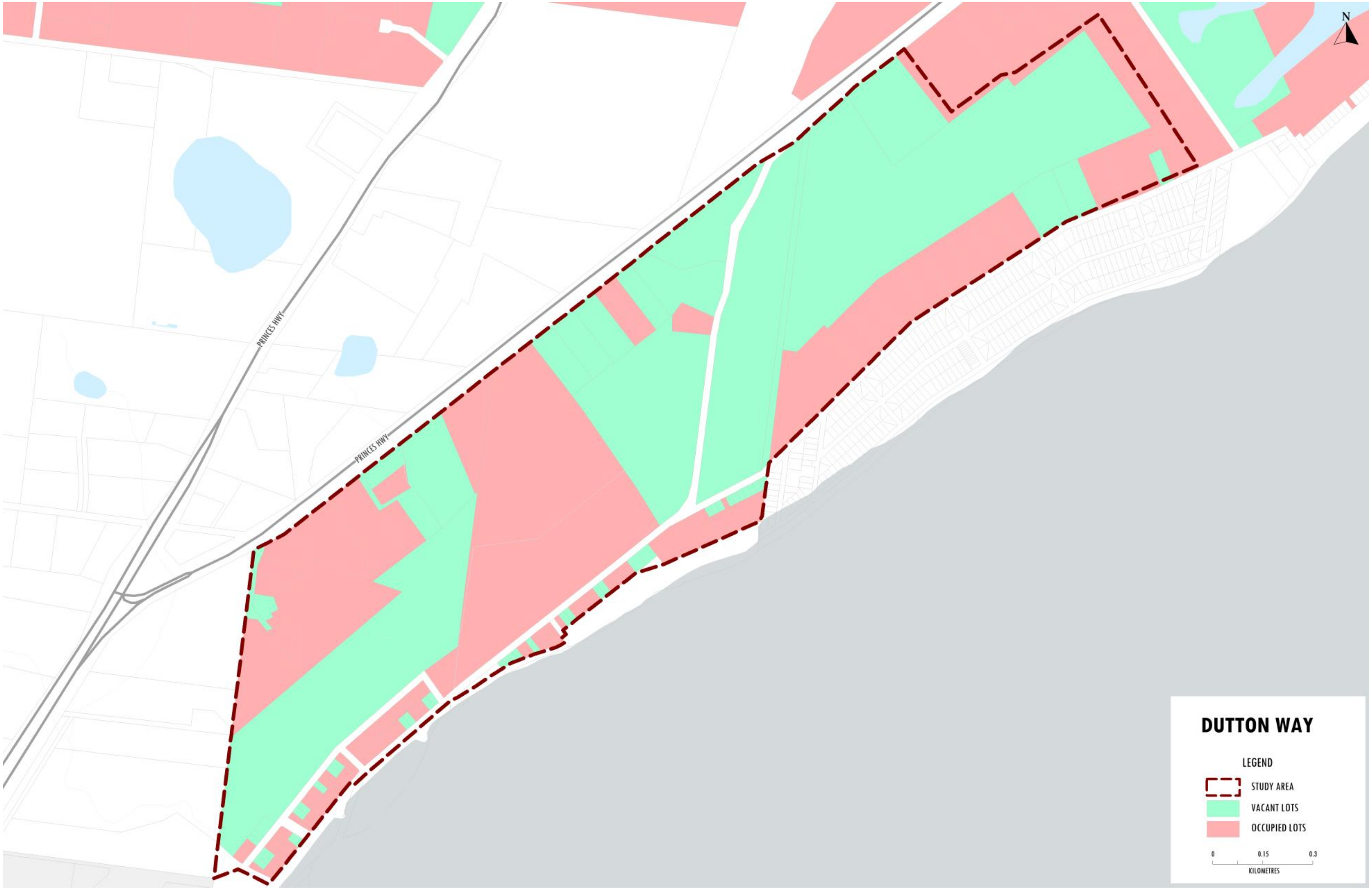


Source: DELWP, macroplan (2019)

Map 5_Existing Rural Residential Land Stock, Dutton Way

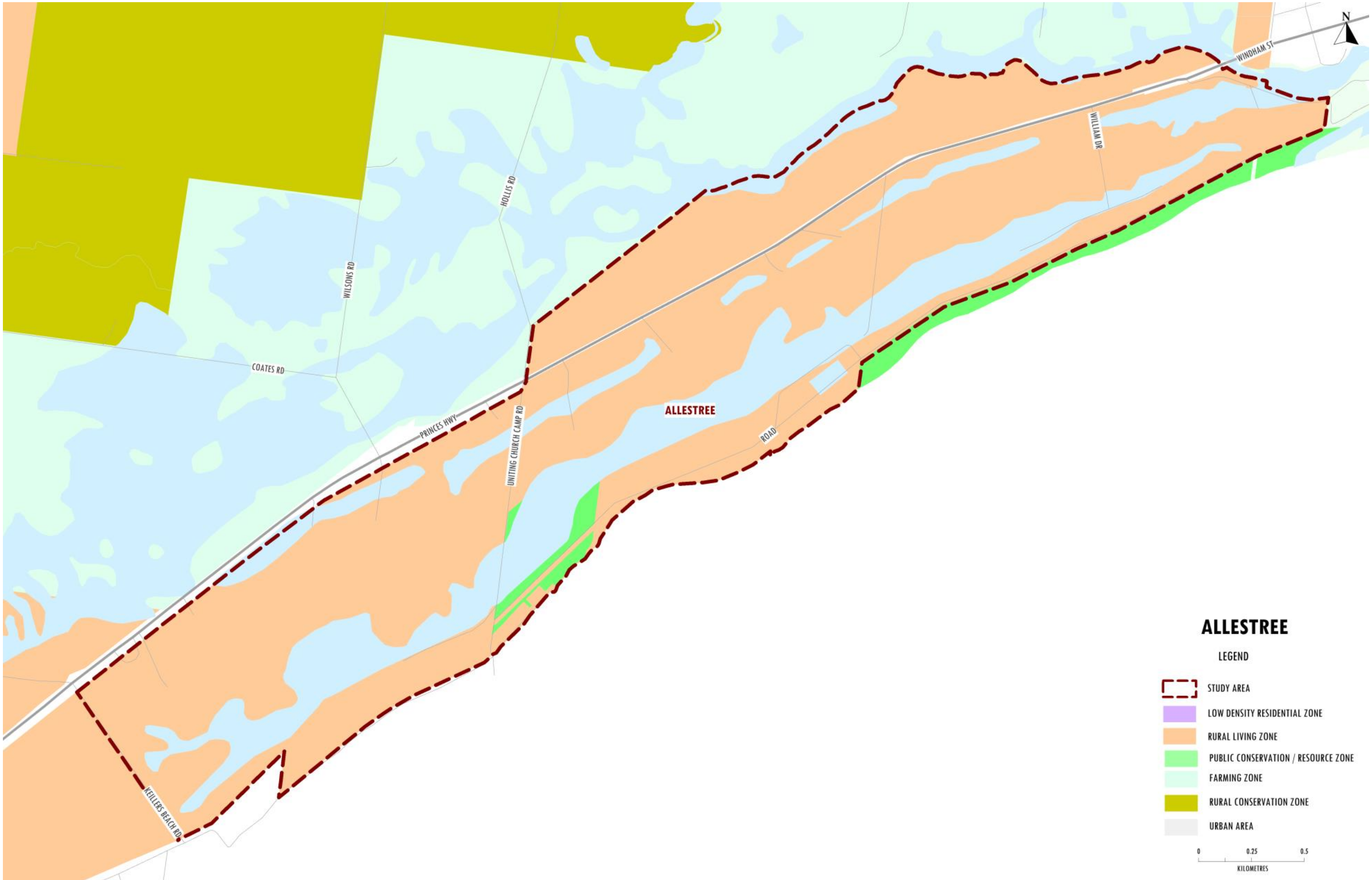
Source: DELWP, macroplan (2019)

Map 6_Existing Rural Residential Land Stock – RLZ by Type, Dutton Way



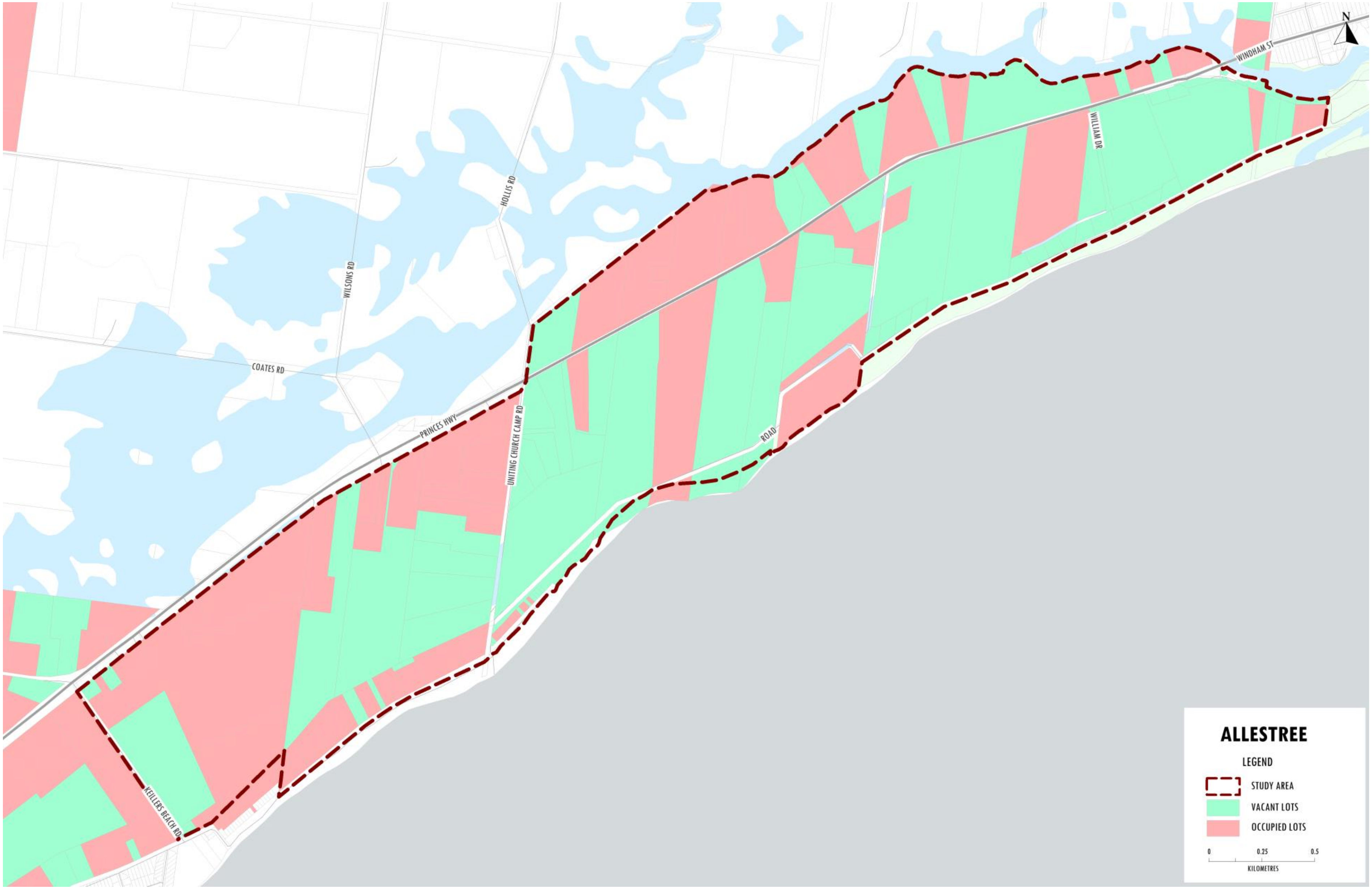
Source: DELWP, macroplan (2019)

Map 7_Existing Rural Residential Land Stock, Allestree



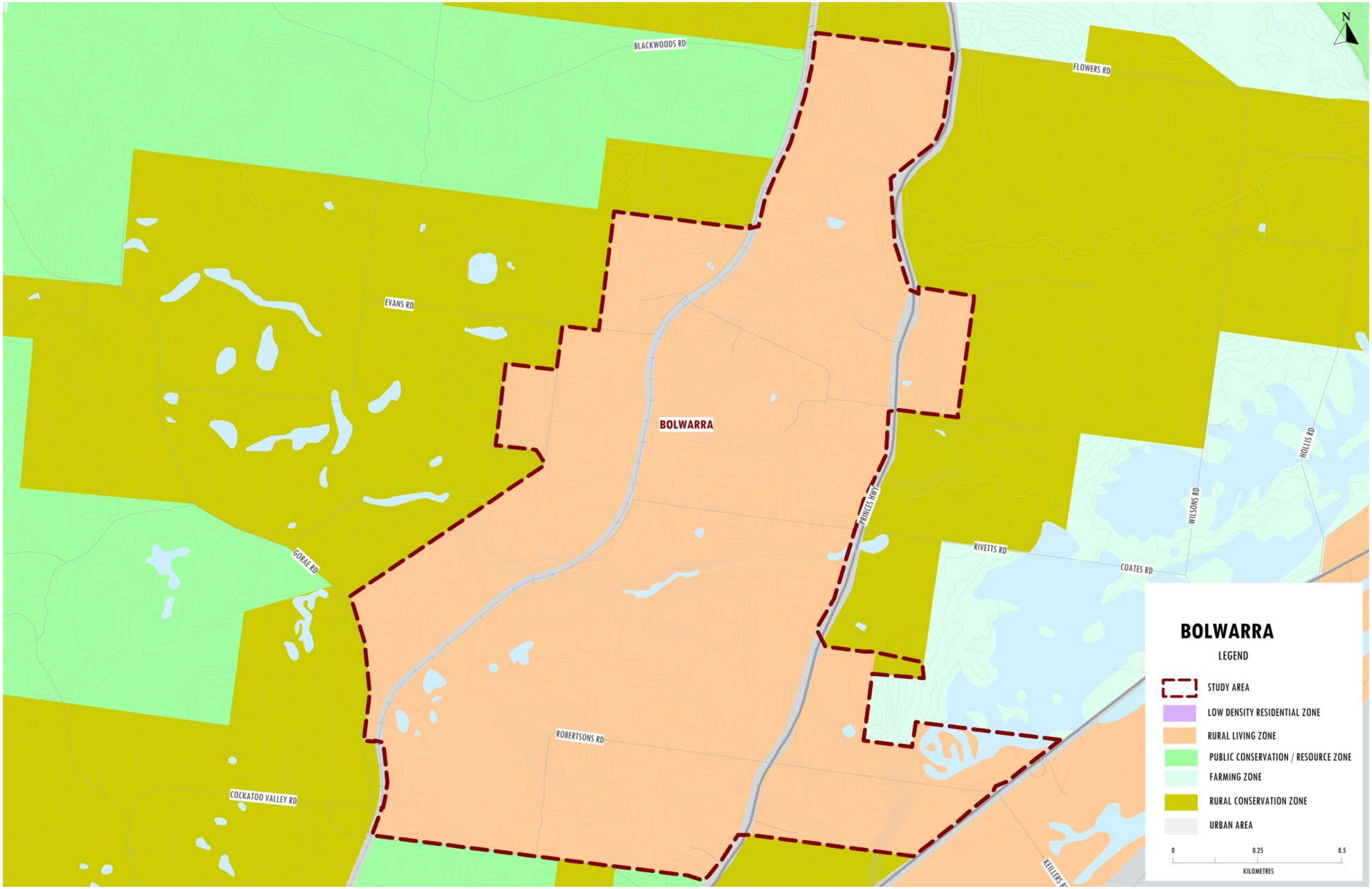
Source: DELWP, macroplan (2019)

Map 8_Existing Rural Residential Land Stock – RLZ by Type, Allestree



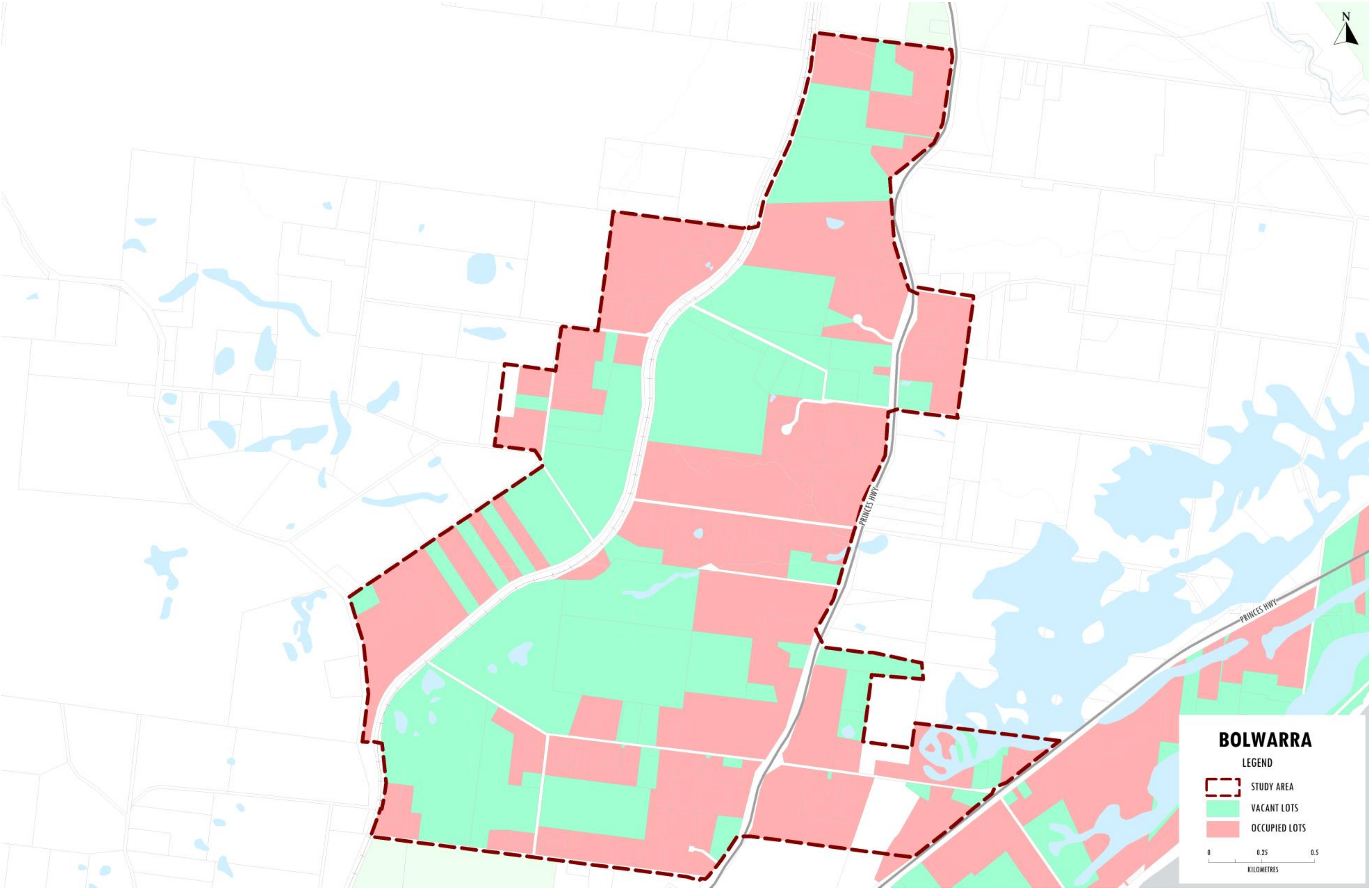
Source: DELWP, macroplan (2019)

Map 9_Existing Rural Residential Land Stock, Bolwarra



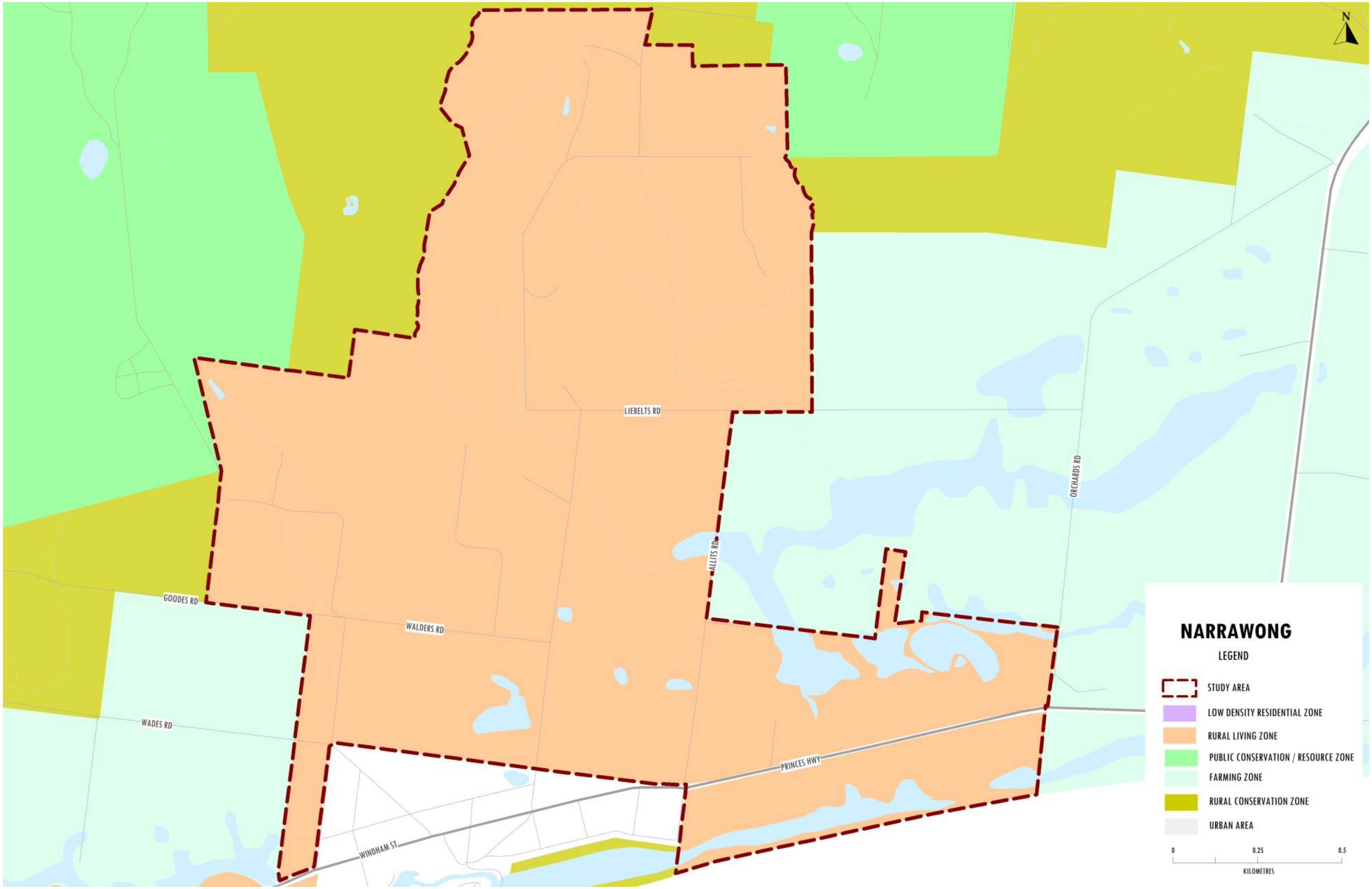
Source: DELWP, macroplan (2019)

Map 10_Existing Rural Residential Land Stock – RLZ by Type, Bolwarra



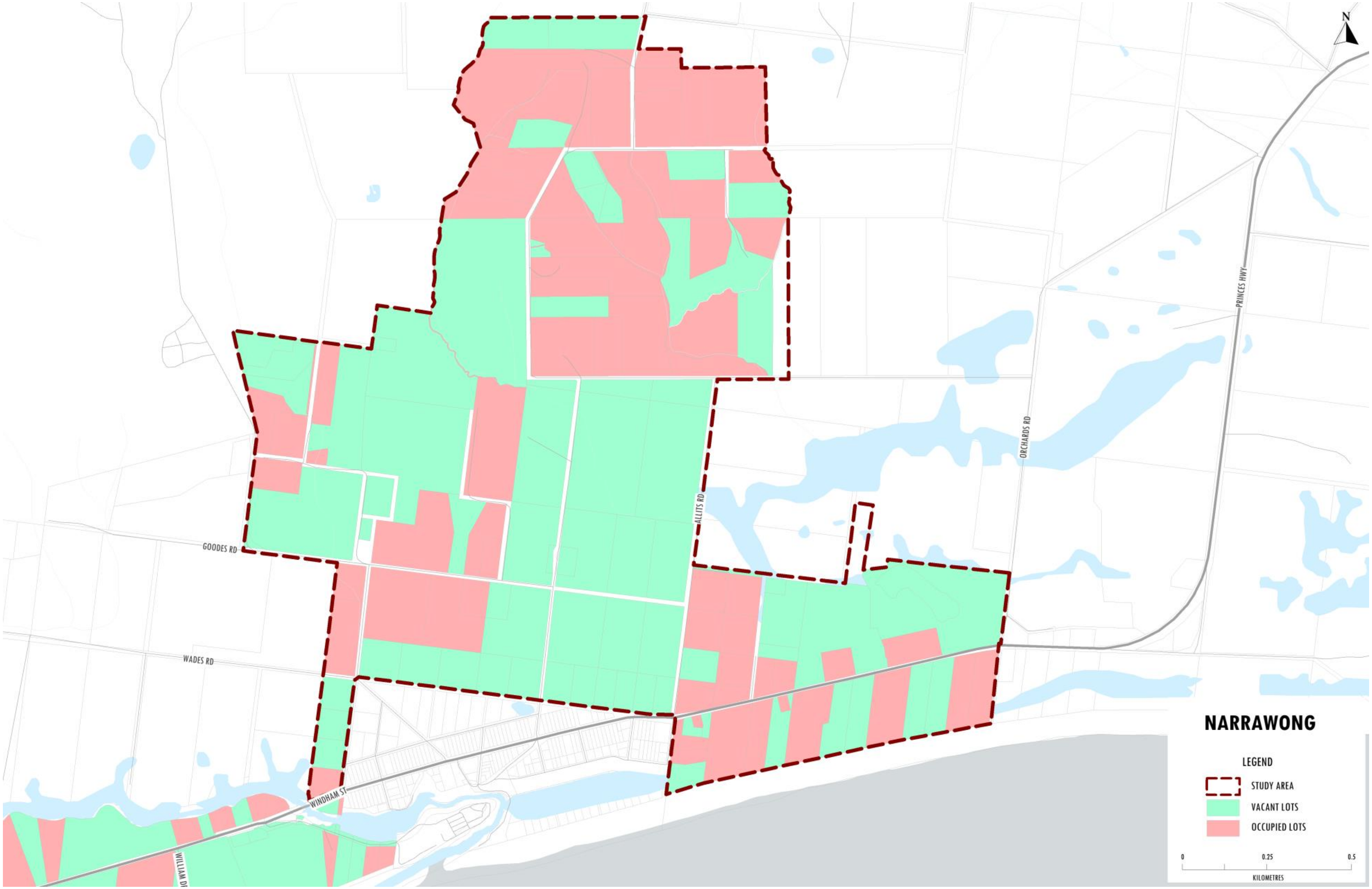
Source: DELWP, macroplan (2019)

Map 11_Existing Rural Residential Land Stock, Narrawong



Source: DELWP, macroplan (2019)

Map 12_Existing Rural Residential Land Stock – RLZ by Type, Narrawong



Source: DELWP, macroplan (2019)

2.3_Potential Rural Land Supply

The following section presents an assessment of immediate and latent supply of lots and dwellings within RLZ located in Portland's sub-markets Portland West, Dutton Way, Bolwarra, Allestree and Narrawong.

Across Portland's sub-markets, there is potential to provide additional rural residential land supply in the future, including:

- 141 parcels have **immediate** development potential which may yield up to 47 new lot and 180 new dwellings; and
- 76 parcels have **latent** development potential which may yield up to 181 new lot and 217 new dwellings.

Latent potential involves lots that are able to be developed but is not likely to be developed for rural residential development in the short term.

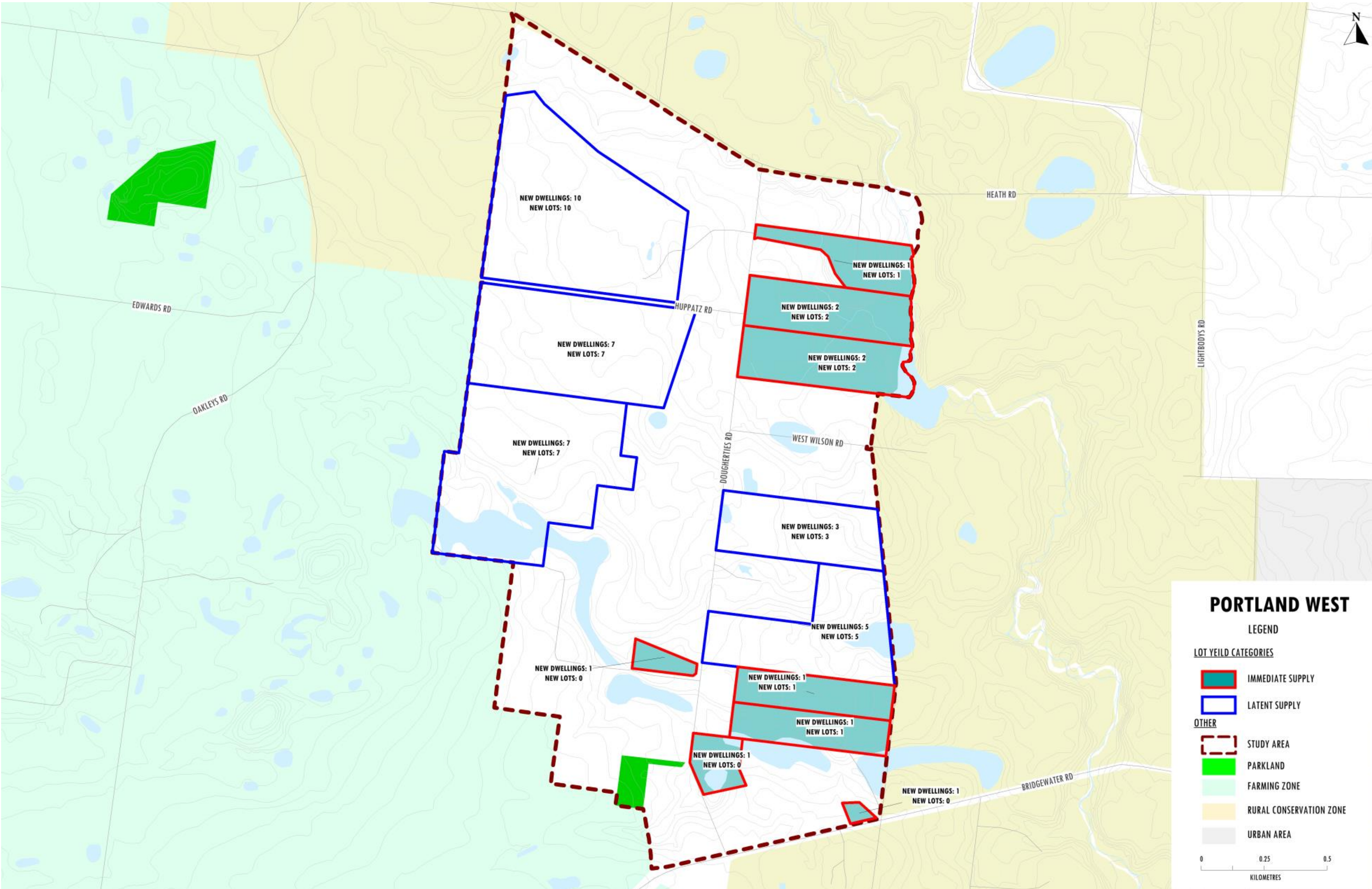
The maps following show the assessment of immediate and latent supply of lots and dwellings within each sub-market location.

Table 4_Potential Rural Residential Land Supply, RLZ

Location	**New Dwelling Yield**			**New Lot Yield**		
	Immediate	Latent	**Total**	Immediate	Latent	**Total**
Portland West	10	32	**42**	7	32	**39**
Dutton Way	44	23	**67**	0	23	**23**
Allestree	32	26	**58**	4	19	**23**
Bolwarra	62	92	**154**	31	88	**119**
Narrawong	32	44	**76**	5	19	**24**
Total	**180**	**217**	**397**	**47**	**181**	**228**

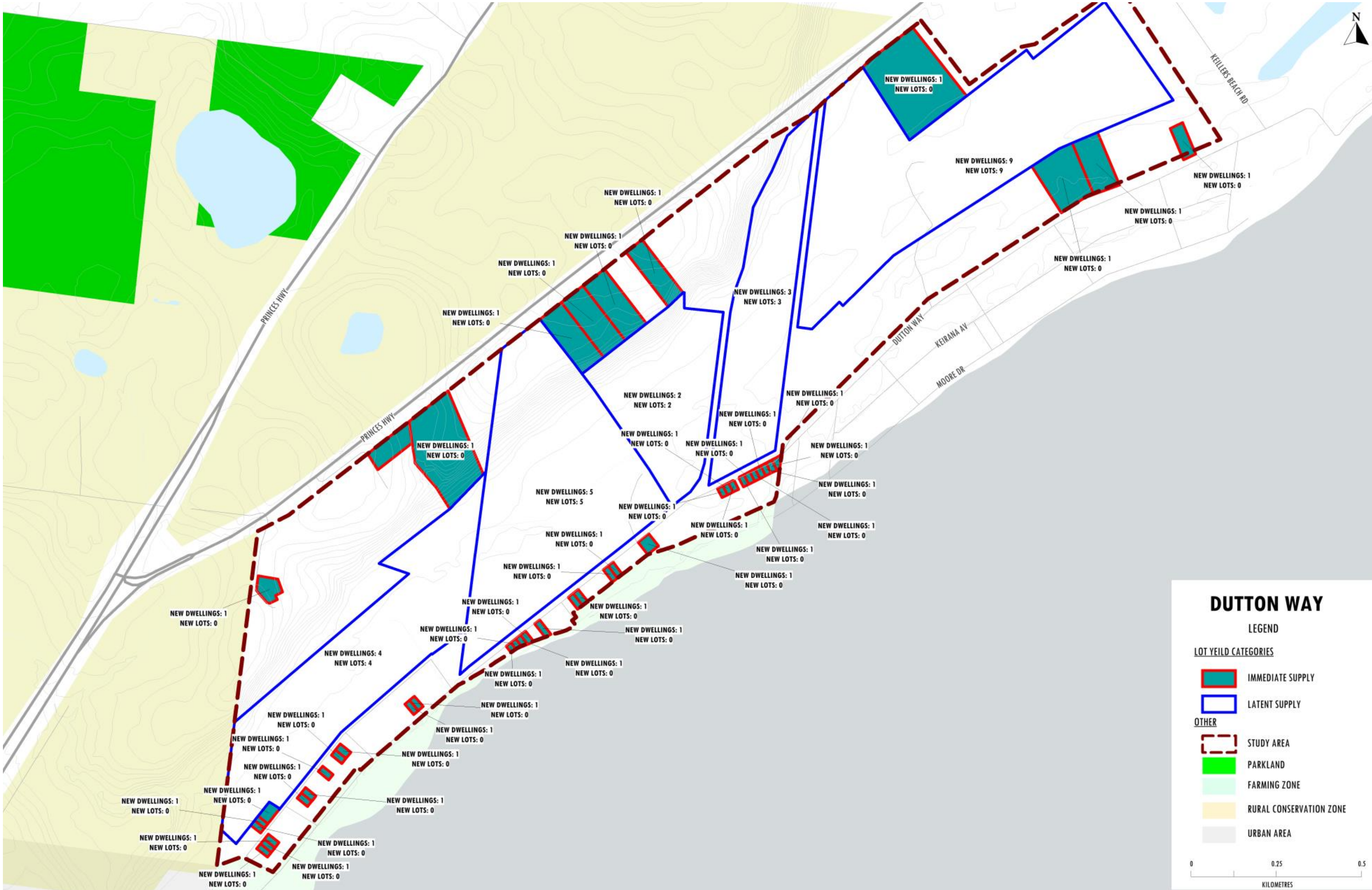
Source: Myers Planning Group

Map 13_Potential Rural Residential Land Supply, Portland West



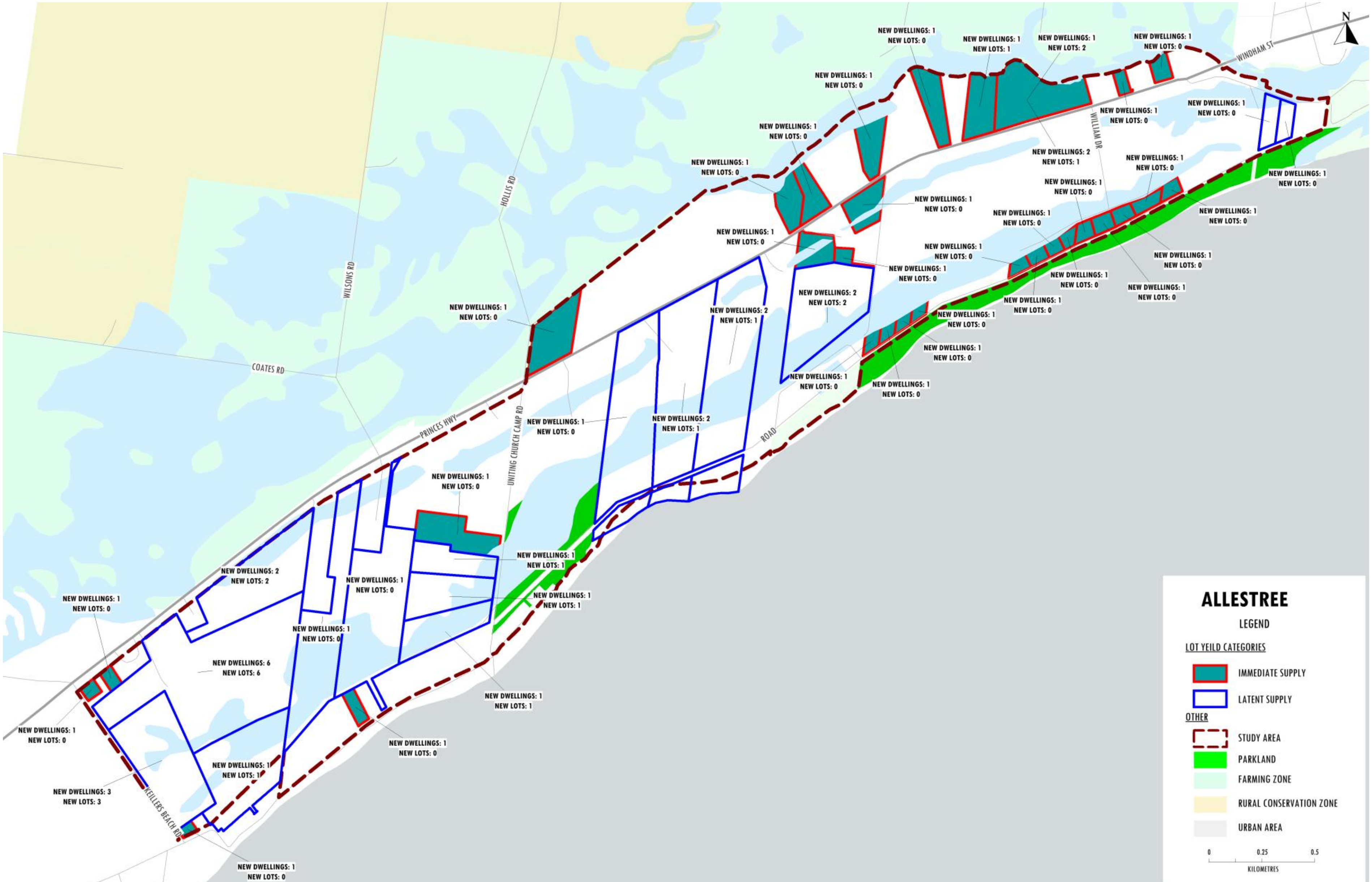
Source: DELWP, macroplan (2019)

Map 14_Potential Rural Residential Land Supply, Dutton Way



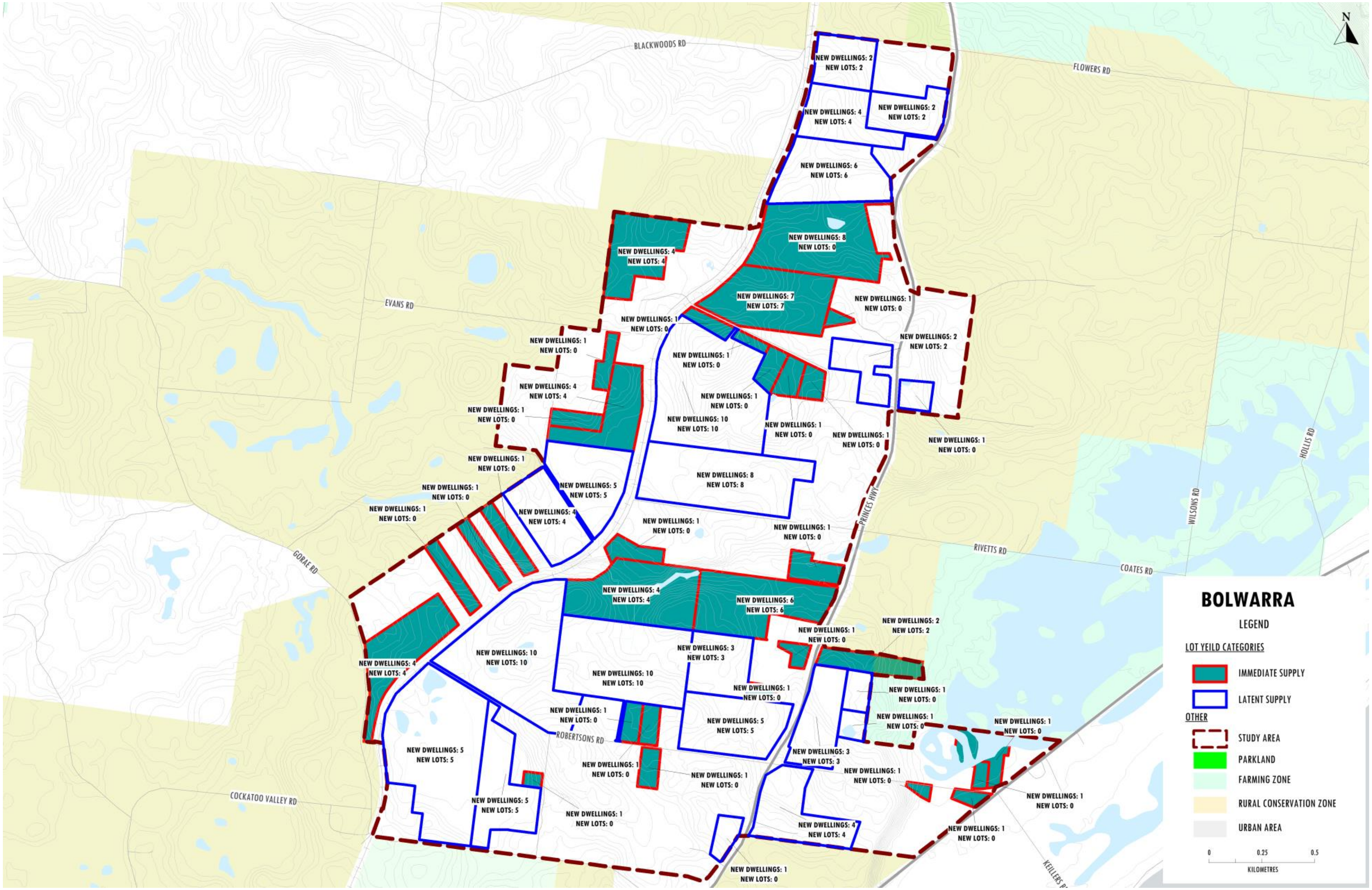
Source: DELWP, macroplan (2019)

Map 15_Potential Rural Residential Land Supply, Allestree



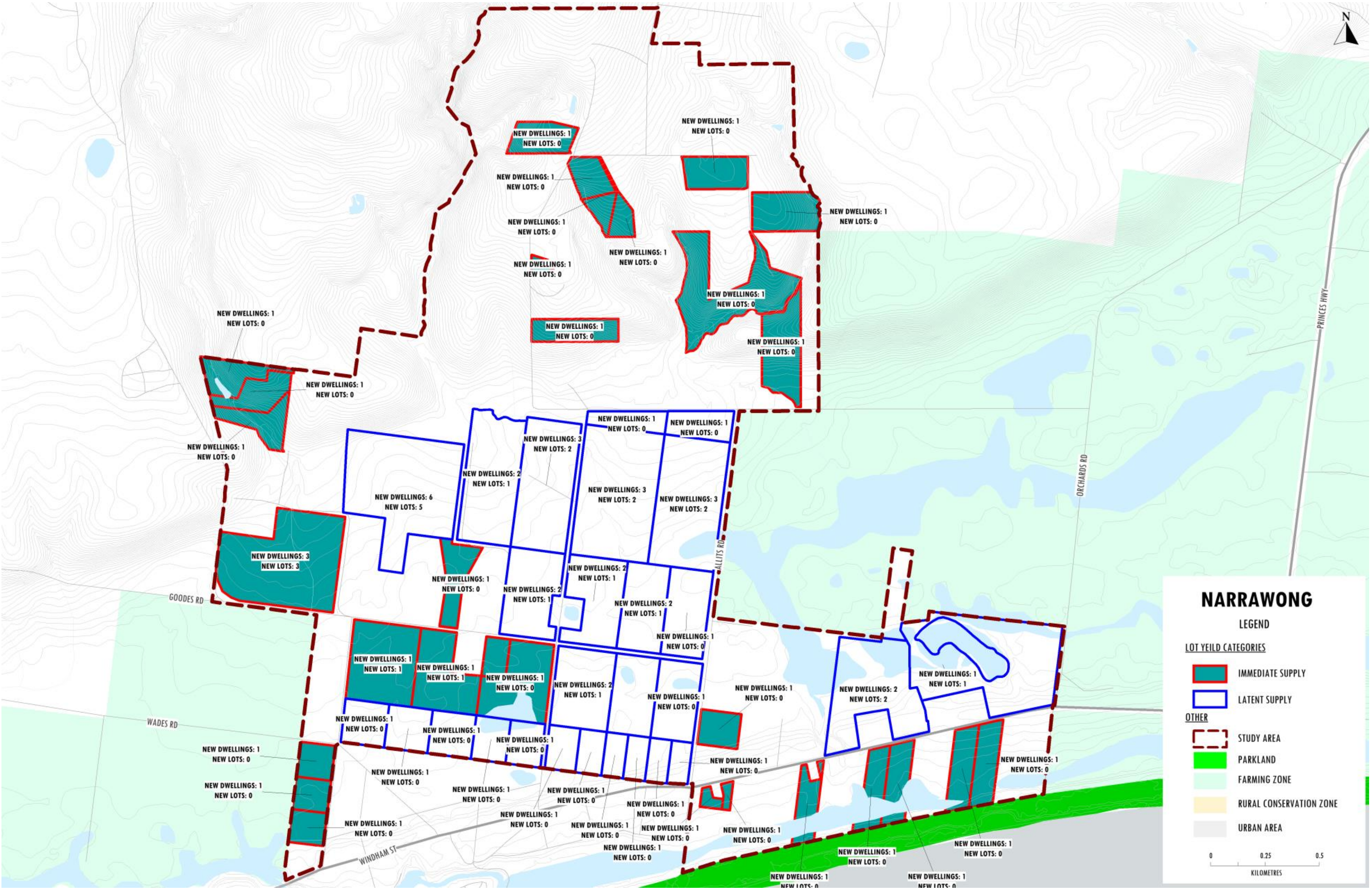
Source: DELWP, macroplan (2019)

Map 16_Potential Rural Residential Land Supply, Bolwarra



Source: DELWP, macroplan (2019)

Map 17_Potential Rural Residential Land Supply, Narrawong



Source: DELWP, macroplan (2019)

2.4_Summary

Within Portland's sub-markets there are 740 lots or around 29.3% of rural residential lots.

- Portland West contains 76 lots, Dutton Way 165 lots, Allestree 146 lots, Bolwarra 212 lots and Narrawong 141 lots.

- Approximately 471 of these lots are occupied by a dwelling and 269 lots are vacant, resulting in a vacancy rate of 36.4%.

An assessment of immediate and latent land capacity within land zoned Rural Living Zone across Portland's sub-markets reveals there is capacity for 217 parcels, of which:

- 141 parcels have **immediate** development potential which may yield up to 47 new lot and 180 new dwellings; and
- 76 parcels have **latent** development potential which may yield up to 181 new lot and 217 new dwellings.

In the following chapters, estimates of immediate and latent RLZ land supply are compared with demand estimates for rural residential lots to assess the adequacy of rural land supply to meet anticipated demand.

3_Rural Residential Demand

3.1_Overview

The demand assessment presented in this report adopts three rural residential demand scenarios, a baseline and two alternative scenarios which are from the 2015 Spatial Economics assessment, which are deemed to be appropriate for establishing a mid and upper lot production range for analysis purposes.

Details of the above scenarios is presented overleaf and these are used to prepare estimates of rural residential dwelling/lot projections for the period 2019-2036.

3.2_Demand for Rural Residential Land

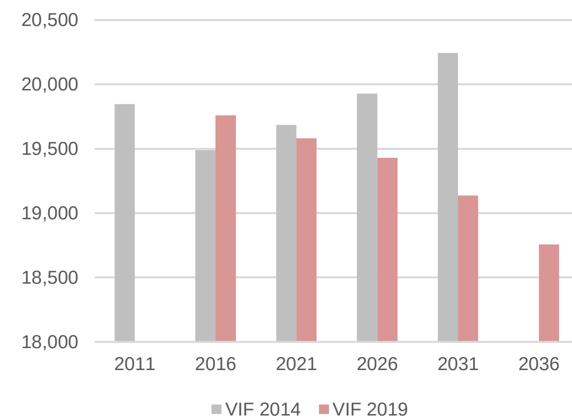
Forecast Population Growth

According to VIF2019, net dwelling demand within the municipality of Glenelg (Portland and Glenelg regions) is projected to increase by **434 dwellings** between 2016 and 2036 or around **22 dwellings per annum**.

This is less than half the VIF2014 projection of **47 dwellings per annum** (between 2011-2031) and well below the VIF2012 forecast of **90 dwellings per annum** during this period.

Successive VIF population and dwelling demand projections are re-based and recalculated to account for actual population growth and changes in the local economy impacting population growth, including regional migration patterns, workforce growth / employment trends by industry and changes in the general structure of the Portland economy and the region over time.

Chart 1_Population Forecast, Glenelg LGA, 2011-36



Source: VIF 2014 & 2016

Rural Residential Allotment Demand

The assessment presented in this report adopts three rural residential demand scenarios – a baseline and two alternative scenarios which are from the 2015 Spatial Economics assessment, which are deemed to be appropriate for establishing a mid and upper lot production range for analysis purposes.

1. **Baseline** – Average of 5% of residential property sales are for vacant rural lifestyle / residential properties.
2. **Mid-range** – trend rural residential lot production remaining constant at 10 lots per annum (assumed base range); and
3. **Upper range** – Long-term historic share of rural residential development at 14% of total residential construction activity as a share of VIF2012 population growth (upper range).

The upper range does not adopt VIF2019 or VIF2014 revised population projections as the basis for establishing an upper demand projection for rural residential lot demand as VIF2014 is 50% below VIF2012 and VIF2019 is at least 50% of VIF2014. This has the potential to significantly under-represent actual demand for rural residential land in Portland's sub-markets.

Adopting the above scenarios the following estimates of rural residential dwelling/lot projections are provided.

Table 6 indicates projected rural residential dwelling / lot demand of between **4.2 lots per annum** or a total of **71 lots** (baseline forecast) and **13 lots per annum** or a total of **219 lots** (upper range forecast) during the period between 2019 to 2036.

Bolwarra and Portland are the largest sub-markets accounting for around 40% and 30% of total forecast rural residential demand – or up to 5 lots p.a. and 4 lots p.a. respectively by 2036 under the Upper Range scenario.

Demand for rural residential land will likely be distributed across several of Portland's sub-markets depending on available supply and market interest.

Table 5_Rural Residential Dwelling / Lot Demand Projections 2019-2036

Location	Baseline Scenario		Mid-range Scenario		Upper Range Scenario	
	Total Lots	*Lots p.a.*	Total Lots	*Lots p.a.*	Total Lots	*Lots p.a.*
Bolwarra, Dutton Way, Allestree	27	*1.6*	66.3	*3.9*	85	*5.0*
Portland West	22	*1.3*	51	*3.0*	66.3	*3.9*
Narrawong	7	*0.4*	17	*1.0*	20.4	*1.2*
Gorae West / Heathmere	15	*0.9*	37.4	*2.2*	47.6	*2.8*
Portland Sub-market	**71**	***4.2***	**171**	***10.1***	**219**	***13***

Source: Myers Planning Group, macroplan (2019)

3.3_Summary

Official Victorian Government forecasts for dwelling demand within Glenelg and Portland foreshadow a decline in regional population and therefore dwelling demand in future.

Whilst it is important to acknowledge population growth trends in regional areas is highly variable and in some cases rates of population growth are declining, the latest VIF2019 forecasts may significantly under-represent actual demand for rural residential land in Portland's sub-markets and do not consider one-off capital investments that may generate jobs and dwelling demand in key locations.

The above assessment shows projected rural residential dwelling / lot demand of between 4.2 lots per annum or a total of 71 lots (baseline forecast) and 13 lots per annum or a total of 219 lots (upper range forecast) during the period between 2019 to 2036.

In the next chapter, these estimates are compared with immediate and latent supply of rural residential land zoned RLZ to assess the adequacy of rural land supply to meet anticipated demand.

4_Supply / Demand Scenarios

4.1_Overview

This section assesses the current and future demand / supply balance of rural residential land with a key focus on Portland sub-markets, drawing together both supply and demand assessment.

This section also provides a sensitivity analysis testing potential impacts of major investment proposals on further demand for rural residential land within the Portland sub-markets.

4.2_Supply Demand Balance

RLZ Dwellings

A breakdown of vacant zoned RLZ land by yield type by yield type (i.e. immediate, latent) is presented below for each of the Portland sub-markets. Gorae West / Heathmere is excluded as there is no RLZ land within this sub-market.

The total supply of vacant Rural Living Zone land within the Portland sub-markets of Bolwarra, Dutton Way, Allestree and Portland West equates 397 dwellings immediate and latent capacity.

- Immediate rural residential lot yields within the Portland sub-markets totalling **180 dwellings** from **141 parcels**; and
- Latent yield of **217 dwellings** from **76 parcels**.

Table 6_New Dwelling Capacity, RLZ

Location	New Dwellings Capacity (Immediate)	New Dwellings Capacity (Latent)	Total Dwellings Capacity (Immediate + Latent)
Bolwarra	62	92	154
Dutton Way	44	23	67
Allestree	32	26	58
Portland West	10	32	42
Narrawong	32	44	76
Portland Sub-market (excluding Gorae West / Heathmere)	**180**	**217**	**397**

Source: Myers Planning Group, macroplan (2019)

A breakdown of **immediate** rural residential land supply within each of the Portland sub-markets is presented in Table 8.

This demonstrates there is between **14 and 43 years** rural residential land supply that may be derived **immediately** from zoned RLZ land within Portland's sub-markets and a further **17 to 52 years latent** rural residential supply available across Portland's sub-markets.

Table 7_Immediate Rural Residential Land Supply Projections

Location	Baseline Scenario	Mid-Range Scenario	Upper Range Scenario
Bolwarra, Dutton Way, Allestree	86 years	35 years	27 years
Portland West	8 years	3 years	3 years
Narrawong	80 years	32 years	27 years
Portland Sub-market (excluding Gorae West / Heathmere)	**43 years**	**18 years**	**14 years**

Source: Myers Planning Group, macroplan (2019)

4.3_Impacts of Major Investment Proposals – Sensitivity Analysis

Overview

There above demand scenarios do not account for the economic impacts of one-off events (either positive or negative) such as the staged wind-down or closure of major businesses or new investments in the municipality, specifically Portland.

An example of a proposed major business investment that may create future demand for residential dwellings in Portland is the proposed $73 million, 1000-tonne abalone farm project to be developed Dutton Way, Bolwarra.

The project is expected to be completed within 4 years and result in 100 full-time jobs on site and a further 60 jobs in Portland with an annual abalone output valued at $50 million.

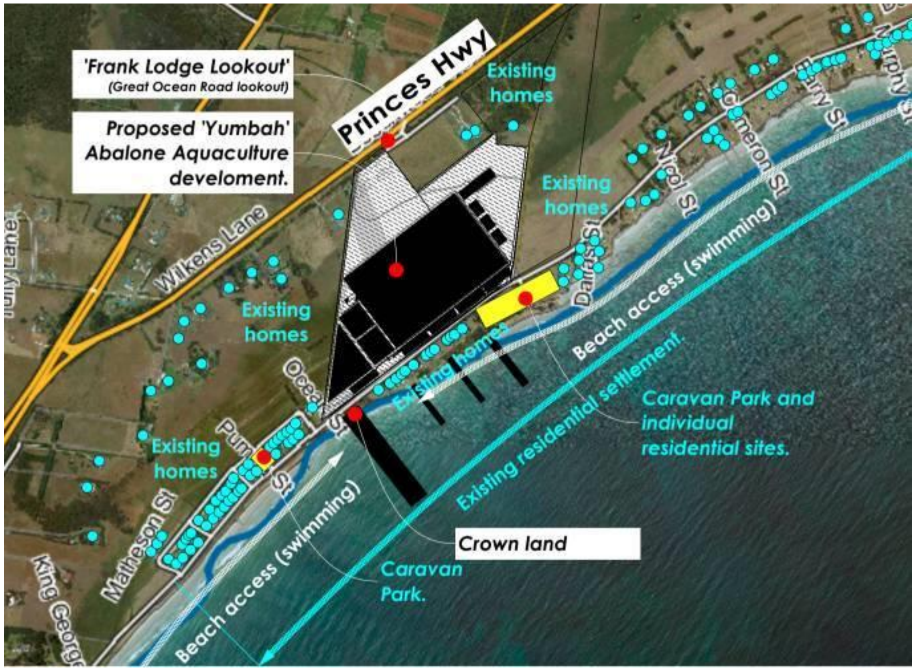
Sensitivity Analysis

Assuming at least 50% of full time on site jobs are new jobs that attract residents to Portland from outside the Portland area, this may generate demand for up to 50 dwellings in the future, with the specific timing of this demand being uncertain. Under a baseline scenario this may generate demand for 2-3 vacant rural residential lots.

Assuming 70% of full time on site jobs are new jobs and 50% of other jobs created within Portland are new jobs, this may result in demand for up to 100 dwellings or 5 vacant rural residential lots. Assuming all jobs are new jobs resulting in a requirement for up to 160 new dwellings, under a baseline scenario this may result in demand for 8-10 rural lots.

It would appear there is sufficient existing supply of Rural Living Zone lots within Portland's sub-markets, particularly Bolwarra, Dutton Way, Allestree to cater to demand arising from such a project.

Map 18_Aerial view of the proposed abalone farm near Portland



4.4_Summary

There is between **14 and 43 years** rural residential land supply that may be derived **immediately** from zoned RLZ land within Portland's sub-markets.

There is a **further 17 to 52 years latent** rural residential supply available across Portland's sub-markets.

It would appear there is sufficient existing supply of Rural Living Zone lots within Portland's sub-markets, particularly Bolwarra, Dutton Way, Allestree to cater to demand arising from large investment projects such as the proposed Abalone Farm at Bolwarra.

5_Conclusions

The assessment presented in this report demonstrates the following:

- There appears to be sufficient **immediate** supply of Rural Living Zone lots within Portland's sub-markets Bolwarra, Dutton Way, Allestree and Narrawong to cater to foreseeable demand for rural living dwellings.
- The stock of RLZ lots available for **immediate** development totals between **14 and 43** years within Portland's sub-markets.
- A <u>further</u> **17 to 52 years** of **latent** RLZ lots supply exists across Portland's sub-markets.
- Major investment projects in Portland, including the proposed $73 million 1,000-tonne Abalone plant in Bolwarra may create future demand for new residential dwellings including a requirement for up to 10 rural residential lots (upper scenario) which may be catered for within Portland's sub-markets Bolwarra, Dutton Way and Allestree.

Annexure

A1_Planning Zones

A1_Planning Zones

The following sets out the definition, primary purpose and conditions relating to each of the key land use zones relating to this study. This has informed the assessment of immediate and latent supply, particularly within the Rural Living Zone in Portland's sub-markets.

Rural Living Zone (RLZ)

The purpose of the RLZ is:

- To provide for residential use in a rural environment.
- To provide for agricultural land uses which do not adversely affect the amenity of surrounding land uses.
- To protect and enhance the natural resources, biodiversity and landscape and heritage values of the area.
- To encourage use and development of land based on comprehensive and sustainable land management practices and infrastructure provision.

Under the RLZ, only one dwelling is permitted per lot with the Schedule applying a minimum subdivision area of 4 hectares for all land. A second dwelling may be proposed on site if the following requirements of Clause 35.03-2 are met:

- Access to the dwelling must be provided via an all-weather road with dimensions adequate to accommodate emergency vehicles.
- The dwelling must be connected to a reticulated sewerage system or if not available, the waste water must be treated and retained on-site in accordance with the State Environment Protection Policy (Waters of Victoria) under the Environment Protection Act 1970.
- The dwelling must be connected to a reticulated potable water supply or have an alternative potable water supply with adequate storage for domestic use as well as for firefighting purposes.
- The dwelling must be connected to a reticulated electricity supply or have an alternative energy source.

A setback distance from adjoining dwellings is outlined under the schedule to the FZ.

The RLZ prohibits a number of uses such as cinema based entertainment facility, office (other than medical centre), retail premises (other than bar, convenience shop, hotel, market, plant nursery, postal agency, primary produce sales and restaurant) and warehouse (other than store).

Low Density Residential Zone (LDRZ)

The purpose of the LDRZ is:

- To provide for low-density residential development on lots which, in the absence of reticulated sewerage, can treat and retain all wastewater.

Under the LDRZ, up to two dwellings is permitted per lot if the following requirements of Clause 35.03-2 are met:

- Access to the dwelling must be provided via an all-weather road with dimensions adequate to accommodate emergency vehicles.
- The dwelling must be connected to a reticulated sewerage system or if not available, the waste water must be treated and retained on-site in accordance with the State Environment Protection Policy (Waters of Victoria) under the Environment Protection Act 1970.
- The dwelling must be connected to a reticulated potable water supply or have an alternative potable water supply with adequate storage for domestic use as well as for firefighting purposes.
- The dwelling must be connected to a reticulated electricity supply or have an alternative energy source.

Under the schedule to LDRZ, there is no minimum subdivision area.

The RLZ prohibits a number of uses such as cinema based entertainment facility, office (other than medical centre), retail premises (other than convenience shop, food and drink premises, market and plant nursery) and warehouse (other than store).

Rural Conservation Zone (RCZ)

The purpose of the RCZ:

- To conserve the values specified in a schedule to this zone.
- To protect and enhance the natural environment and natural processes for their historic, archaeological and scientific interest, landscape, faunal habitat and cultural values.
- To protect and enhance natural resources and the biodiversity of the area.
- To encourage development and use of land which is consistent with sustainable land management and land capability practices, and which takes into account the conservation values and environmental sensitivity of the locality.
- To provide for agricultural use consistent with the conservation of environmental and landscape values of the area.
- To conserve and enhance the cultural significance and character of open rural and scenic nonurban landscapes.

Under the RCZ, only one dwelling is permitted per lot with Schedule 2 applying a minimum subdivision area of 2 hectares for all land. In order for a dwelling to be permitted on a lot, the following requirements of Clause 35.06-2 must be met:

- Access to the dwelling must be provided via an all-weather road with dimensions adequate to accommodate emergency vehicles.
- The dwelling must be connected to a reticulated sewerage system or if not available, the waste water must be treated and retained on-site in accordance with the State Environment Protection Policy (Waters of Victoria) under the Environment Protection Act 1970.
- The dwelling must be connected to a reticulated potable water supply or have an alternative potable water supply with adequate storage for domestic use as well as for firefighting purposes.
- The dwelling must be connected to a reticulated electricity supply or have an alternative energy source.

The RCZ prohibits a number of uses such as office, retail premises (other than landscape gardening supplies, market, primary produce sales and restaurant) and accommodation (other than bed and breakfast, dependent person's unit, dwelling, group accommodation, host farm and residential hotel).

Farming Zone (FZ)

The purpose of the FZ is:

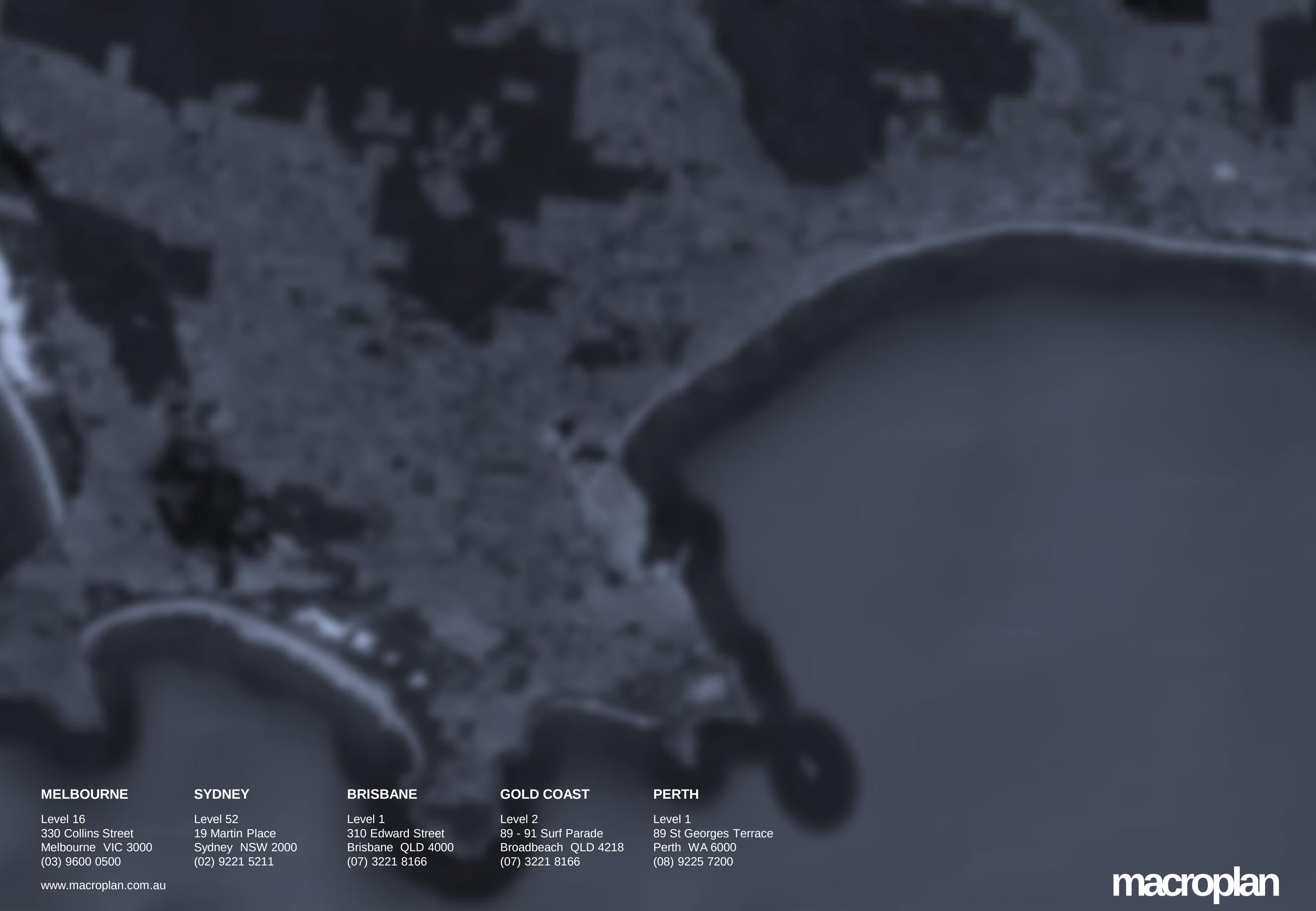
- To provide for the use of land for agriculture.
- To encourage the retention of productive agricultural land.
- To ensure that non-agricultural uses, including dwellings, do not adversely affect the use of land for agriculture.
- To encourage the retention of employment and population to support rural communities.
- To encourage use and development of land based on comprehensive and sustainable land management practices and infrastructure provision.
- To provide for the use and development of land for the specific purposes identified in a schedule to this zone.

Under the FZ, only one dwelling is permitted per lot with the Schedule applying a minimum subdivision area of 40 hectares for all land. A second dwelling may be proposed on site if the following requirements of Clause 35.07-2 are met:

- Access to the dwelling must be provided via an all-weather road with dimensions adequate to accommodate emergency vehicles.
- The dwelling must be connected to a reticulated sewerage system or if not available, the waste water must be treated and retained on-site in accordance with the State Environment Protection Policy (Waters of Victoria) under the Environment Protection Act 1970.
- The dwelling must be connected to a reticulated potable water supply or have an alternative potable water supply with adequate storage for domestic use as well as for firefighting purposes.
- The dwelling must be connected to a reticulated electricity supply or have an alternative energy source.

A number of setback distances from road frontages, common boundaries and adjoining dwellings are outlined under the schedule to the FZ.

The FZ prohibits a number of uses such as accommodation (other than bed and breakfast, camping and caravan park, dependent person’s unit, dwelling, group accommodation, host farm and residential hotel), office and retail premises (other than market, landscape gardening supplies, manufacturing sales, primary produce sales, restaurant and trade supplies).



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