



AM C219MORN EVIDENCE OF DR MARCUS SPILLER ON HOUSING AFFORDABILITY

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SGS Economics and Planning Pty Ltd

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Offices in Canberra, Hobart, Melbourne, and Sydney, on Ngunnawal, muwinina,
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OVERVIEW

Housing prices are a function of the balance between housing demand and realised housing supply.

Realisable housing supply is, in turn, a function of range of factors cascading from planned capacity for housing development, market conditions, land holder expectations, site characteristics, infrastructure availability and costs and risks associated with the development assessment process.

Changes in planned capacity for housing development may not have a significant impact on housing prices depending on conditions in the other factors which govern the path to realised supply.

Evidence in respect of growth area land supply across Australian east coast metropolitan regions suggests that increases in planned housing capacity are associated with lower housing prices, however the relationship is of modest economic impact.

In any case, planned housing capacity should, in principle, be determined on the basis of net community benefit. A proposed expansion of housing capacity would be warranted only if the associated increase in residual land value for housing development versus a base case where the additional housing would occur elsewhere is greater than the value of any associated loss of amenity.

If the net community benefit test is not satisfied, it would not be economically efficient, that is welfare enhancing, if residential amenity were to be infringed with a view to reducing housing prices.

I understand that with the application of Am C219morn, the Shire will continue to retain sufficient development capacity to meet projected 15 year demand. With reference to this parameter, the amendment would not materially affect housing affordability in the foreseeable future.

Am C219morn will make the realisation of housing supply from the planned pool of capacity subject to stricter design rules aimed at maintaining environmental and amenity values. This may militate against responsive supply. However, this depends in part on the extent to which housing developers adjust their production process. It also depends on how the design rules are expressed in the Scheme and associated guidelines, and how they are administered by Council.

1. HOUSING CAPACITY & PRICES

1.1 Am C219morn

1. In my reading of briefing documents, Am C219morn is intended to conserve those aspects of housing typology, streetscape, vegetation cover and other residential design elements which are valued by the Mornington Peninsula Shire community, as the Shire moves to accommodate projected population growth over the next 15 years and beyond.
2. The Amendment also involves some rationalisation of redundant or superfluous design rules which would allow more housing development involving one dwelling on a lot to proceed without the need for planning permission. However, the quantum of development advantaged by these changes is modest. Council analysis of historic planning applications triggered by DDO rules affecting single house builds and modifications suggests that the number of these applications would have been reduced by 8% had the proposed Am C219morn rules been in place¹.
3. The strategic basis for Am C219morn rests in two key documents:
 - *Mornington Peninsula Housing and Settlement Strategy - Refresh 2020-36*, prepared by Council and dated July 2020 (HSS), and
 - *Mornington Peninsula Neighbourhood Character Study and Guidelines NCS*, September 2019, prepared by Ethos Urban and adopted by Council in October 2019

1.2 Am C219morn and housing capacity

4. The Amendment would introduce residential area classifications and associated design rules and guidelines to give effect to both the HSS and the Ethos Urban neighbourhood character study. While calling for different and/or additional design standards, Am C219morn seeks to maintain adequate housing capacity to meet 15 year demand in the Shire.
5. I define 'housing capacity' to be the quantum of housing, measured in units or floorspace, that can be developed in an area within the land use and design constraints set out in the Planning Scheme.
6. Other experts have reviewed how Am C219morn might affect housing capacity. I understand that no quantification of how the Amendment might affect overall capacity for future housing development across the Shire compared to existing Planning Scheme provisions has been attempted. However, I note that the vast bulk of the measures introduced by Am C219morn that have a bearing on site yield, principally height limits and siting requirements, are more restrictive than those currently in place within the affected areas.
7. Nevertheless, both a Council analysis and an independent peer review indicate that with Am C219morn the Planning Scheme will continue to offer housing development potential sufficient to meet Shire-wide projected demand over 15 years, albeit that the peer review landed on a significantly lower capacity estimate.

¹ Sources: DDO Permit Triggers - Current vs exhibited and post-exhibition versions of amendment C219morn (Mornington Peninsula Shire Council Strategic Planning Team, October 2022), pages 4-5 and Council spreadsheet analysis of historic permit applications triggered by a DDO (as referred to in the latter source).

1.3 Housing capacity versus realisable supply

8. In any case, housing capacity is but one factor that will affect realisable supply during periods of escalating demand.
9. To the extent that supply is a significant determinant of price - recognising that there are many other forces at work including monetary policy and general economic conditions – it is the supply that can be readily realised, as distinct from overall capacity, that will determine price outcomes.

Text box 1 – Capacity, realisable supply and responsive supply

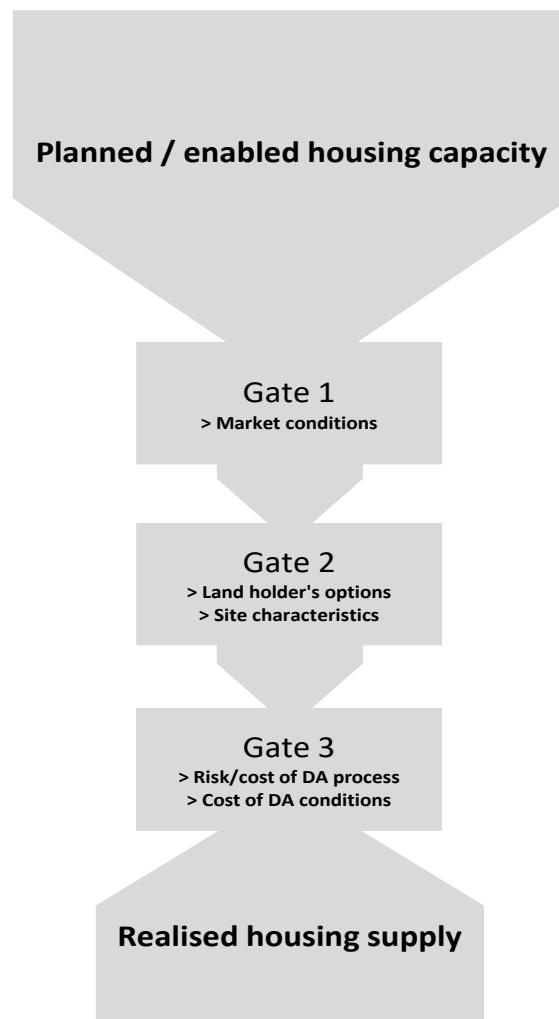
Housing capacity refers to the maximum allowable housing development in an area under Planning Scheme provisions. It typically makes no allowance for feasibility or market demand factors.

Realisable housing supply refers to development that is not only permissible under Planning Scheme provisions but can be readily delivered because of propitious conditions relating to market demand, feasibility, infrastructure availability, site configuration and land holder motivation.

Supply responsiveness refers to the agility or 'elasticity' of housing development particularly during periods demand surges / market buoyancy.

10. Realisable housing supply, and the responsiveness of supply, will be a function of several influences as summarised in Figure 1.
11. At the top of the diagram is the planned capacity for housing development in a given district or city. As noted, this represents the allowable quantity of housing construction based on planning rules for the area(s) in question, including those relating to density, site coverage, setbacks, parking provision and other requirements which determine the developable envelope for a site.
12. These provisions are typically determined via a strategic planning process which identifies the need for future housing in the area and appraises the various constraints on development including environmental factors, heritage and the preferred character for the neighbourhoods under survey. As noted, these matters are canvassed in Council's Housing and Settlement Strategy as well as the Ethos Urban neighbourhood character study.

FIGURE 1: FROM PLANNED CAPACITY TO REALISED HOUSING SUPPLY



Source: SGS Economics & Planning Pty Ltd

13. For planned capacity to translate into realised housing supply, a number of 'gates' need to be negotiated. Only some of these are connected with the planning system.
14. Firstly, market conditions must support the type of housing development envisaged in the statutory plans for an area. A planning scheme may identify several precincts for higher density development, thereby nominally adding significantly to the developable stock of housing. However, this will be of limited value if the demand for housing across the relevant district is primarily for low density dwellings, to the point where achievable prices for higher density typologies are not sufficient to sustain commercial viability.
15. Assuming the land is both available for development under the planning rules and viable for development under market conditions, its further progress towards realised housing supply will depend on the land owner's preferences and expectations. Owners of development sites who are not developers – which will be the majority of owners – may be inclined to reserve the latent value in their site for later. They will not necessarily be motivated to sell to bona fide developers during periods of market buoyancy, even though higher prices may be on offer.
16. Another non-planning factor that could impede the progress of land into the housing production pipeline is the size and configuration of the properties in question. Fragmentation or odd lot sizes could deter development because of the additional expense and risk associated with title consolidation.

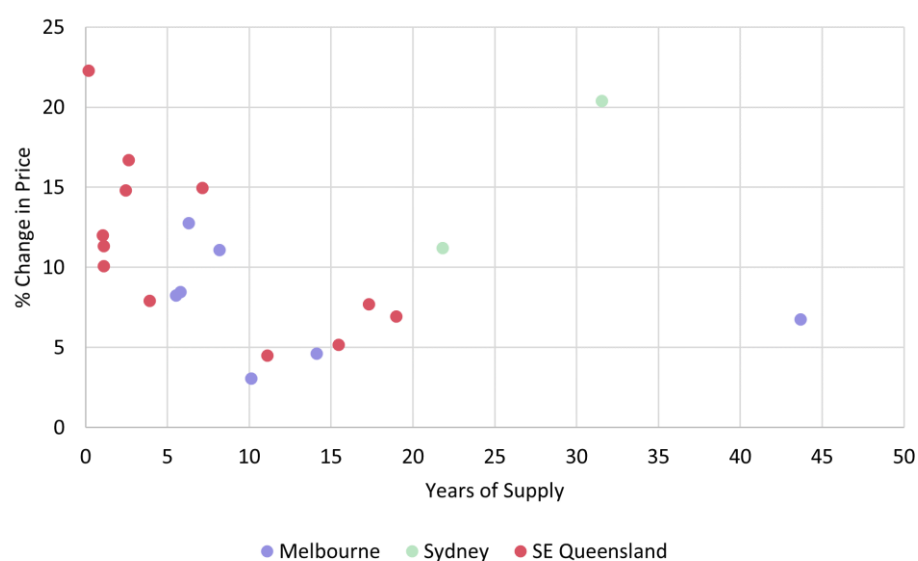
17. At the third gate, planning system factors have prominence. Land that is zoned for development at particular densities will typically still be subject to planning permission, to ensure compliance with rules and performance standards pertaining to design and development contributions. Potentially, these requirements could be so burdensome in cash and/or risk terms, that a project will be rendered unviable, at least until achievable sale prices rise sufficiently to cover the costs in question.
18. Complexity or stringency of planning rules at this third gate need not lead to undue cost depending on how these regulations are specified and administered. For example, clear communication on design solutions that are likely to win approvals can evince compliant practice on the part of applicants and their advisers. Procedural efficiencies such as extensive use of delegations to Council officials for approval of planning applications can also be important.
19. A number of observations may be drawn from this 'supply gates' framework:
- Planning Scheme changes which increase or reduce nominal development capacity may not, by themselves, materially affect the responsiveness of housing supply and therefore price and affordability.
 - Supply responsiveness can be improved by applying a range of levers beyond changing planning rules, for example, by governments asserting their ownership of development rights (to mitigate withholding of development sites) and governments intervening to overcome land fragmentation and infrastructure barriers to feasible development.
 - Supply responsiveness within a given capacity envelope can be improved by streamlining approvals process to mitigate risk and uncertainty for proponents. This can be achieved through a range of measures including providing better design guidance and assistance to proponents, greater delegation of approvals to staff and technical experts, greater use of code assessment with compliance leading to automatic approval and reduced notification requirements.

1.4 Housing capacity and housing prices

20. That housing capacity by itself has a nuanced impact on housing affordability is supported by recent analysis undertaken by SGS of the relationship between reserve land supply for greenfield growth and housing prices across Australian east coast cities². While this analysis pertains to high growth corridors, where capacity is measured in terms of broad-hectare land availability, some insights can be derived for the Mornington Peninsula Shire situation where housing capacity resides primarily in more intensive use of existing residential areas as well as 'densification' in activity centres.
21. Figure 2 provides a scatter plot of house price movements in 19 greenfield growth corridors in Melbourne, Sydney and South East Queensland over the 2020 -2021 period against the number of years supply of land for housing growth, measured by reference to the average absorption rate over the past 5 years.
22. Broadly speaking, the scatter plot appears to support the hypothesis of an inverse relationship between the aggregate stock of land available for housing development and the rate of housing price escalation. But the relationship is not especially clear cut. There are some growth areas with very large reserve stocks of developable land where housing prices have escalated relatively rapidly. Meanwhile, some areas with fewer than 10 years of supply have recorded comparatively modest price growth.

² **Melbourne** – Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea, Wyndham; **Sydney** – SW, NW; **SEQ** – Brisbane, Gold Coast, Ipswich, Lockyer Valley, Logan, Moreton Bay, Noosa, Redland, Scenic Rim, Somerset

FIGURE 2: INTER-JURISDICTIONAL COMPARISON OF LAND SUPPLY AND CHANGES IN DWELLING PRICE



Source: VPA, Valuer General’s Office, NSW DPIE, QGSO, SGS calculations

23. To further test the correlation between house prices and the amount of land approved for development in Melbourne’s greenfield growth areas, SGS undertook a multiple regression analysis. Amongst other things, this utilised the Valuer-General Property Statistics³ data, which ranged from 1990 to 2020 for each LGA within Victoria. This analysis only considered growth area LGAs of Melbourne, that is, Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea, and Wyndham.

24. The statistical model applied median-weighted property prices as the dependent variable and land supply years as the primary explanatory variable. The model specification is shown below:

$$\text{median_property_price}_{i,t} = \alpha_i + w_t + \beta * \text{land_supply_years}_{i,t} + \gamma * \text{average_lot_size}_{i,t} + \epsilon_{i,t} \quad (1)$$

where:

- *median_property_price_{i,t}* is the annual median-weighted property prices in each of the growth area LGAs from 2005 to 2020.
- *land_supply_years_{i,t}* is the annual land supply years available in each of the growth area LGAs from 2005 to 2020⁴. Land supply years were calculated on the basis of three alternative formulations:
 - Short-term absorption rates (average absorption rates from 2019-2021);
 - Medium-term absorption rates (average absorption rates from 2013-2021); and
 - Long-term absorption rates (average absorption rates from 2008-2021).
- β is an estimated coefficient reflecting how increases or decreases in land supply years might affect property price.
- *average_lot_size_{i,t}* is the annual average lot size in each of the growth area LGAs from 2005 to 2020. This is provided in square metres.
- α_i is a set of individual fixed effects that account for all time-invariant attributes relevant to each of the growth area LGAs, for example, distance to city.

³ <https://www.land.vic.gov.au/valuations/resources-and-reports/property-sales-statistics>.

⁴ This data is based off the Urban Development Program (UDP) data produced by DELWP. It extends as far back as 2005. As such, all pre-2005 historical data for other variables (e.g., property prices) was excluded from the analysis.

- w_t is a set of time fixed effects that account for all time-variant factors which impact each of the growth area LGAs in the same manner across the period 2005 to 2020, for example, the RBA cash rate.
 - $\epsilon_{i,t}$ is the random error term.
25. This model accounts for all time-variant macroeconomic factors that can impact house prices (e.g., the RBA cash rate which directs mortgage interest rates, inflation, consumer confidence etc.), as well as time-invariant attributes relating to each of the growth area LGAs (e.g., distance to city).
 26. Additionally, the inclusion of average lot size as an explanatory variable in the model removes any impact reducing lot size may have on prices. This further supports isolation of the impact of land supply on price.
 27. The estimated model returned an R^2 of approximately 0.96 across all three values of the *land supply years* variable. This indicates that 96% of the variation in house prices within the growth area LGAs is explained by the collection of explanatory variables factored into the model.
 28. The results indicate that the estimated coefficient β is statistically significant at a 95% level of confidence. Accordingly, the model confirms the hypothesis derived from theory that house prices will be inversely related to housing development capacity. That is, larger supplies of land for development are associated with lower median prices.
 29. However, while a statistically significant relationship between land supply and housing prices is found in the model, the *magnitude* of the coefficient in question is modest.
 30. The statistical analysis indicates that for every additional year of land supply, a decrease in property prices of between \$327 to \$725 is 'predicted'. This equates to a decrease in property prices of approximately 0.15% for every additional year of land supply.
 31. The land required to meet one year of land supply ranges from approximately 956 to 1,250 hectares, dependent on which absorption rate is used. Thus, a reduction in greenfield property prices by 0.15% would require almost 1,000 hectares of additional greenfield land supply. This suggests that land supply years has a small practical significance in relation to house prices within the growth area LGAs.
 32. In the case of Mornington Peninsula, where the majority of future housing growth will come from infill development rather than greenfield estates, the equivalent notion of 'land supply' in the above analysis can be taken as 'housing capacity'. It is reasonable to hypothesise that there will be an inverse relationship between capacity and housing prices, but that its economic magnitude will be weak. Indeed, it may be even weaker than in a greenfield situation because the gateways between capacity designation and realised supply are likely to be more challenging.
 33. The dynamic in evidence here is analogous to commodity markets where the supply process is subject to rationing either by intent or various market failures, like inadequate competition. For example, the global price of oil is less related to the size of known oil reserves – or production capacity – and more related to the willingness or otherwise of producers to pump more oil to meet demand surges.
 34. Ultimately, when capacity limits are approached, scarcity will drive up prices. However, markets can respond in different ways to mitigate this effect. Land area per dwelling in redevelopment projects may reduce thereby effectively expanding capacity and enabling relative price stability. Relatedly, housing preferences may shift in the face of scarcity to increased take up of apartment dwelling forms in activity centres, thereby helping to maintain relative price stability on a per dwelling basis.

1.5 Key points

35. Both the supply gates framework and the statistical analysis set out above indicate that while planned supply of housing, or housing capacity, are relevant to housing market outcomes, they are unlikely to be the key factor driving prices and affordability at least in the short term.
36. Readily realisable supply will be more important. Even then there will be a variety of exogenous factors, including interest rates and market conditions, which are likely to have greater prominence in determining prices and affordability.
37. There is no straightforward relationship between realisable supply and planned capacity; in other words changes up or down in planned capacity may not have a major effect on realisable supply except, perhaps, in the long term. This is because there are several non-planning related factors that may impede the translation of planned capacity into actual housing supply.

2. DETERMINING HOUSING CAPACITY

2.1 Reference to the Net Community Benefit principle

38. Planning rules and development assessment processes determine housing capacity and, to a lesser extent, realisable supply. Accordingly, they influence the manner in which prices are formed in the market, albeit that this occurs in nuanced ways and in the context of a wider set of price determinants, as I have discussed above.
39. The fact that planning rules will ultimately influence housing prices and therefore affordability does not mean that these planning rules should be geared to price or affordability to the exclusion of other relevant objectives. To do so would infringe the net community benefit principle.
40. By way of illustration, the Central Government in New Zealand has recently directed all Councils in the nation's major cities to allow medium density housing development of up to 3 units and 3 storeys *as of right*⁵ across virtually all residential zones. This is intended to significantly boost realisable supply and put downward pressure on prices. However, independent modelling shows that the value of affordability gains will be outweighed by the value of amenity losses across residential neighbourhoods, including loss of sunshine, increased congestion and reduced environmental quality – see text box 2⁶.

Text box 2

According to PWC modelling, the Medium Density Residential Standards (MDRS) initiative in NZ will generate an additional 74,600 dwellings across the Tier 1 cities over 5 to 8 years from commencement, compared to what might be expected in these urban areas without the reforms. This is expected to dampen dwelling prices creating a benefit for consumers valued at NZ\$1.015 billion.

PWC also found that implementation of MDRS would lead to substantial additional costs including more congestion, loss of sunshine to dwellings, loss of views and loss of environmental quality.

Looking at housing and residential amenity issues alone, the PWC analysis indicates that MDRS would generate a welfare loss for New Zealand of the order of NZ\$2.2 billion. This is the difference between the gain in consumer surplus from lower housing prices and the costs generated by the policy in lost amenity.

Overall, the PWC analysis shows that MDRS would deliver a net community benefit due to impacts unrelated to housing affordability, namely a boost to productivity from denser urban development. This agglomeration benefit was estimated at NZ\$5.5 billion.

See <https://environment.govt.nz/assets/publications/Cost-benefit-analysis-of-proposed-MDRS-Jan-22.pdf>

⁵ 'As of right' means no planning permit required

⁶ Presumably, the adverse effect on housing wellbeing would have been even greater had neighbourhood character impacts been taken on board.

2.2 ‘Optimising’ housing capacity

41. Theoretically, the ‘optimal’ level of housing capacity enabled by planning rules is indicated at the point where the difference between (1) the marginal gain in residual land value (RLV) associated with allowing additional development in the subject location versus displacement of that development to the next best location⁷ and (2) any amenity loss associated with the additional development, is greatest.
42. To illustrate this optimisation problem, I provide a hypothetical example in Figure 3. In this illustration, each additional dwelling accommodated in the host location due to expansion in planned capacity (and, ultimately, realisable supply) would generate a gain of \$110,000 in housing utility compared to that dwelling being displaced to a next best location. However, as housing capacity is increased the amenity impact on existing dwellings in the host location increases, rising from 0.25% of market value for a small (2%) expansion in capacity, up to 3% for a substantial 20% increase in capacity.
43. On these notional numbers, a 10% increase in housing capacity within the host district would strike the best trade off between additional housing and erosion of amenity. This could be considered the ‘optimal capacity’ for the district. It is neither the capacity level which maximises housing development potential, nor is it the level which entirely preserves existing amenity.

FIGURE 3: HYPOTHETICAL EXAMPLE OF CAPACITY OPTIMISATION

Number of existing and proposed dwellings in host location under current capacity rules	10,000
Average market value of existing dwellings	\$750,000
Residual land value per dwelling under current capacity rules	\$250,000
Residual land value per dwelling in next best location	\$140,000
Nominal loss of amenity with proposed expansion in housing capacity, as % of market value of dwellings	
At 2% increase in housing capacity	0.25%
At 5% increase in housing capacity	0.5%
At 10% increase in housing capacity	1%
At 15% increase in housing capacity	2%
At 20% increase in housing capacity	3%

		Capacity expansion scenarios (additional dwellings)				
		1	2	3	4	5
		2% increase	5% increase	10% increase	15% increase	20% increase
		200	500	1000	1500	2000
Marginal increase in RLV	\$m	\$22	\$55	\$110	\$165	\$220
Amenity loss	\$m	\$19	\$38	\$75	\$150	\$225
Net community benefit	\$m	\$3	\$18	\$35	\$15	-\$5

44. Actual economic modelling along these lines could be undertaken given sufficient time and resources. However, this is beyond the scope of my instructions.
45. Nevertheless, the same trade-offs are contemplated qualitatively in planning analysis. Following on from the illustrative example I have provided, any such planning analysis should, as a matter of principle, endeavour to maximise developable capacity within reasonable environmental limits. These limits include matters to do with residential amenity and character, so long as these can be demonstrated to be of significant value to the community.
46. I expect that other experts are addressing these environmental limits on capacity.

⁷ RLV is an indicator of the overall amenity offered by a residential location. It is the maximum value a developer would pay for a site after netting out all their costs including a margin for profit and risk.

47. Once the capacity envelope based on environmental limits has been determined, further expansion should, in principle, be avoided unless a net community benefit can be demonstrated. This principle applies even if it implies higher local housing prices at some point in the future.

3. CONCLUDING REMARKS

48. Other things equal, higher quality products will command a higher price. To the extent that Am C219morn is successful in conserving housing and residential area design attributes that are highly valued by the community it can be seen to be requiring higher quality development than what might occur under current Planning Scheme provisions. Assuming that realisable supply is not unduly constrained, and depending on what happens elsewhere in the housing market, the shift to higher quality housing development in Mornington Peninsula – that is better designed housing in neighbourhoods where valued character is retained - may ultimately reflect in higher relative prices.
49. Such an outcome would not constitute a valid critique of Am C219morn on housing affordability grounds. Planning regulation should aim to achieve good quality housing development everywhere, rather than institute or perpetuate lower design standards in the hope of achieving lower prices.
50. The appropriateness of design standards should be judged on planning grounds relating to sustainable development and reasonable community expectations about the quality of housing and residential neighbourhoods, rather than being linked in the first instance to a price outcome. ‘Reasonableness’ in this context embeds notions of avoiding excessive restrictions on housing development which can ultimately affect prices.
51. In my opinion, any reservations about Am C219morn based on housing affordability grounds need to consider that:
- The Amendment maintains adequate capacity for future housing development
 - Housing capacity only indirectly affects realisable housing supply, which is the principal factor affecting price outcomes, and
 - Failure to conserve valued characteristics of housing development in Mornington Peninsula Shire will, itself, carry significant welfare costs.
52. To repeat, the proposed Planning Scheme changes should be appraised in terms of the suitability, from a planning perspective, of different parts of the Shire to accommodate additional housing growth and whether the housing and residential qualities identified in the Ethos Urban neighbourhood character study are, indeed, reasonable and worthy of conservation. Housing capacity should be maximised within the limits of these design expectations however they might ultimately be resolved. Housing prices will then take their course, hopefully in the context of both planning reforms – to remove unnecessary permit application triggers or introduce appropriate code assessment – and non-planning initiatives to improve realisable housing supply – such as measures to discourage land withholding, and interventions to address lot fragmentation and infrastructure shortfalls which might impede housing development in locations targeted for such intensification.

APPENDIX: PLANNING PANELS

VICTORIA EXPERT WITNESS

DECLARATION

a) The name and address of the expert

Marcus Luigi Spiller
SGS Economics & Planning Pty Ltd
Level 14, 222 Exhibition Street
Melbourne

b) The expert's qualifications and experience

PhD (Global Studies, Social Science and Planning), RMIT University, Melbourne, 2009
Master of Commerce (Economics), University of Melbourne, 1986
Bachelor of Town and Regional Planning, University of Melbourne, 1978

Dr Spiller is a founding partner at SGS. He has extensive experience in public policy analysis as an urban economist and planner. Marcus specialises in providing high level advice on metropolitan strategic planning, housing policy, infrastructure funding and the links between urban structure and regional economic performance.

Marcus is a past National President of the Planning Institute of Australia and a former Board member at VicUrban (now called Development Victoria). He is an Associate Professor at the University of Melbourne.

c) The expert's area of expertise to make the report

Marcus's expertise on matters of housing affordability is evident in his appointment to a range of government agencies and enquiries relating to these issues. These appointments include:

- Member of the National Housing Supply Council
- Member of the National Housing Supply and Affordability Council (current)
- Member of the Housing Supply Expert Panel for South East Queensland
- Member of the Ministerial Advisory Committee on Planning Mechanisms for Affordable Housing (Victoria).

Marcus is the co-editor of an internationally published book on urban management, best practice planning systems and infrastructure funding (Wellman, K., and Spiller, M. (2012) *Urban Infrastructure: Finance and Management*, Wiley).

Marcus is also a widely quoted expert on the role of the planning system in generating contributions towards affordable housing. His list of publications includes:

- Spiller, M. and Anderson-Oliver, M. (2015) Revisiting the economics of inclusionary zoning, Paper presented to the Australian Housing Researchers Conference, Hobart, February 2015

- Spiller, M., Mackevicius, L. and Spencer, A. (2018) Development contributions for affordable housing: theory and implementation, Published by SGS Economics & Planning Pty Ltd
- Spiller, M. (2021) The affordable housing beacon we sailed past, published in Sourceable (February 2021)

He has consulted extensively on how affordable housing contributions can be efficiently and equitably effected via development approval processes. Clients have included regional groupings of Councils (such as IMAP in Melbourne and SSROC in Sydney), the NSW Government and a number of Councils in Victoria including, Hobsons Bay, Maroondah, Port Phillip, Melbourne, Moreland and Maribyrnong.

d) Other significant contributors to the report and where necessary outlining their expertise

Some of my evidence draws on statistical analysis undertaken by the broader SGS team. This is described in my evidence report.

e) Instructions that define the scope of the report

My instructions in this matter were provided in a letter from Harwood Andrews dated November 24, 2022.

My substantive instructions were to provide an opinion on:

- i. whether the changes to the Planning Scheme proposed by the Amendment (both as exhibited and as proposed post-exhibition) when compared with the current Planning Scheme, will impact on housing affordability in the municipality;*
- ii. the extent and nature of any such impact; and*
- iii. the significance of any such impact relative to other impacts on housing affordability for the municipality, including macro-economic factors. (p 3)*

f) The facts, matters and all assumptions upon which the report proceeds

All these matters are detailed in my evidence statement.

g) Reference to those documents and other materials the expert has been instructed to consider or take into account in preparing the report, and the literature or other material used in making the report

All these matters are detailed in my evidence statement.

h) Provisional opinions that have not been fully researched for any reason (identifying the reason why such opinions have not been or cannot be fully researched)

These matters are detailed in my evidence statement.

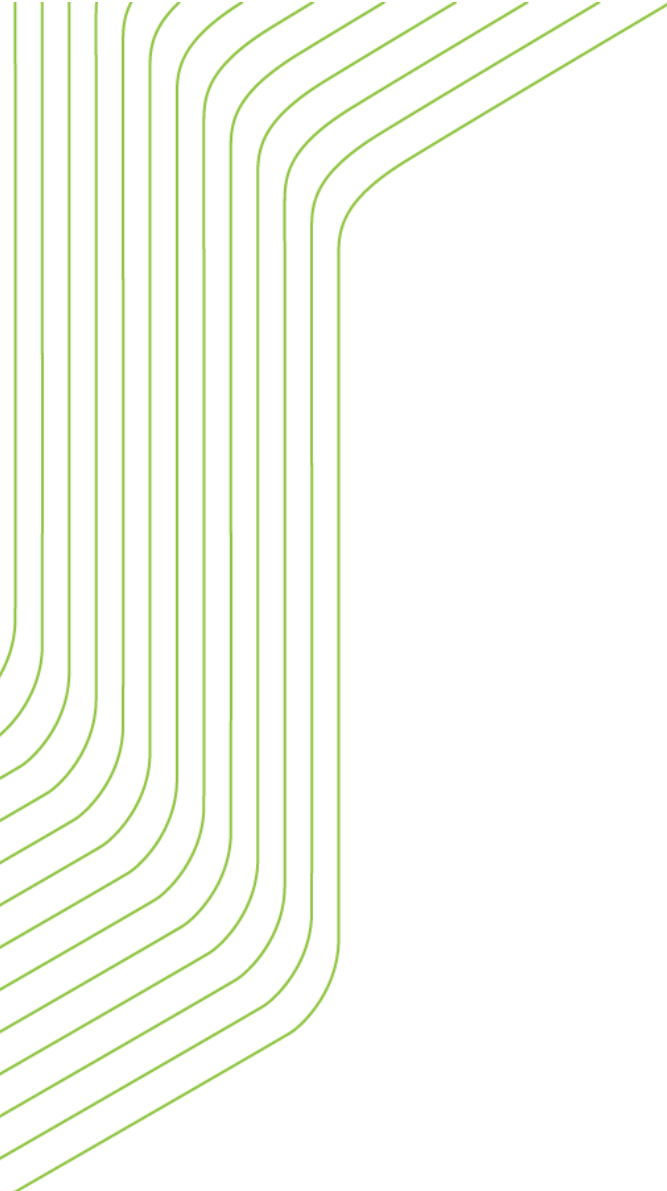
i) Questions falling outside the expert's expertise and also a statement indicating whether the report is incomplete or inaccurate in any respect

These matters are detailed in my evidence statement.

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.

Name Dr Marcus Spiller

Date February 6, 2023



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