

Wimmera Southern Mallee Regional Housing Review 2020 SUMMARY DOCUMENT



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Wimmera Development Association

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EXECUTIVE SUMMARY

Overview

Housing is constantly raised by community groups and businesses throughout the Wimmera Southern Mallee as a most significant issue to be addressed if population decline is to be stemmed and emerging economic development opportunities are to be realised. There have been pervasive anecdotal comments about housing as a blockage to development, but sound evidence combined with local intelligence on housing and a review of the future outlook needed to be quantified. The Housing Review project has attempted to address this need.

Major Findings

- The extent of agreement that housing is inhibiting liveability and economic strength of towns in the Wimmera Southern Mallee is overpowering.
- Without diminishing conspicuous variations which relate to town sizes, locations, and economic base, housing issues are wide-ranging:
 - There are shortages of residentially zoned and serviced land for sale.
 - Existing housing stock is often the wrong mix for ageing populations, not conducive to attracting new residents, and in many cases, vacant dwellings are not even available to the market.
 - Incentives are needed for residential development, businesses and new residents to overcome perceived potentially poor returns on investment.
 - Zoning and planning provisions for future residential development land must be more ambitious: Offering greater range and choice.
 - There is inadequate low-cost housing and social housing, including emergency/crisis accommodation but more frequently housing for seasonal and itinerant workers
 - Rental housing is in short supply throughout the Wimmera Southern Mallee region and in several locations the shortage is critical, impacting on the ability to house staff for businesses, public sector agencies and community organisations. The proportion of private sector rental housing in the region is low by any measure.
 - One or more Development Facilitation Taskforces could be established to create a sense of urgency in planning processes and to convey a 'can do' and 'open for business' attitude in the region.
 - The region has many new economic development projects in the pipeline (for example, in agribusiness, food processing, mining, renewable energies, tourism and health services) and a more aggressive set of growth targets should be adopted by Councils and other regional agencies to ensure housing is not an inhibitor to realising these projects.
- Actions needed to unlock and improve housing availability are extensive, and include:
 - Future provision for residential land, opening a greater range and choice, not just reliance on infill blocks in many towns
 - Making it attractive for people moving into aged accommodation premises to release their properties for sale or rent without impacting on their eligibility for aged care support/pension funding or their costs at the retirement village/aged care facility
 - Registering Community Housing Groups (or other entity/mechanism) to access social housing funding support
 - Packaging developments across multiple towns to make it attractive for a developer or financial lending institution

- Councils agreeing to underwrite loans, or provide other facilitation, for aged accommodation by community groups
- Streamlining planning controls and implementing consistent terminologies and processes across the region.
- Adopting population and housing demand projections which reflect expected industry and job creation targets (or known developments) rather than a continuation of past trends.
- Advocacy to overcome impacts of stamp duty and other statutory requirements.
- Recognition that availability of suitable housing, and housing choices, is part of a bigger bundle of facilities and services to engender vibrant towns, attractive residential areas, and a level of growth to sustain communities and retain infrastructure and assets.

Future Directions and Implementation Actions

Several new strategic direction suggestions, while not comprehensive responses to the region's housing issues, are proposed in this document for consideration as a basis for actions to address critical housing issues. They are:

- **Setting Realistic but Ambitious Housing Demand Targets.** Housing studies, planning reviews, and strategies over the past 5 to 10 years for the region and its constituent local government areas have often assumed the region's path will continue in line with previous trends (slow population growth in Horsham Rural City and ongoing decline elsewhere). These assumptions may ultimately prove correct. However, the time is right to pursue a more ambitious and proactive future for the region. More ambitious population and housing demand targets have been calculated in the review project and are presented in this document.
- **Housing as Part of the Liveability Equation.** Availability of suitable housing, and housing choices, is part of a bigger bundle of liveability facilities and services. Feedback confirms that housing is unquestionably the most pressing issue to be addressed among all the facility and service needs in Wimmera Southern Mallee region towns. The nature of these 'housing issues' vary somewhat in specifics from town to town, but rental properties, affordable housing, suitable land choices and higher-quality and cost housing tend to be quite ubiquitous across the region.

WSM towns have key liveability strengths in sporting and recreational facilities, cultural and environmental assets, general health services, quality primary and secondary education, and active and connected communities. Significant weaknesses in the liveability 'bundle' for WSM towns are child-care, specialist health-care, transition to retirement and quality aged-care options. Town centres with adequate retail and food service businesses are increasingly becoming liveability essentials. Town centre revitalisation projects, embedding a greater 'service philosophy' in town businesses, and continuing the momentum on creating tourist visitor experiences will all have a flow-on impact on, and complement, liveability in WSM towns.

- **Intervention in the Housing Market.** It is reasonable for governments and communities to take a role in housing (and in other activities affecting their towns) when the private sector is either unable or unwilling to act.

Australia's economy has become dominated by free-market thinking, allowing regional towns to grow or decline depending on their 'regional comparative strengths or weaknesses' with market forces dictating the winners and losers. Intervention to change these market forces has been rare, until the most conspicuous set of interventions ever implemented, in the 2020 COVID 19 pandemic.

Even with the free-market approach, government decisions on infrastructure investments can strongly help, or hinder, growth in regional areas. Many private sector developers will choose their investment locations in centres where infrastructure is provided ahead of demand rather than in response to demand. In this respect, infrastructure provision is one of the key market forces affecting regional development.

Buoyed by the prospect that large swathes of regional Australia and Victoria could become residential locations of choice in the aftermath of COVID 19 (and enhanced by improved communications and other information technologies), Wimmera regional stakeholders now believe it would be timely to intervene in the regional housing market through innovative models for land subdivision, retirement and other accommodation for the aged, and rental housing. Provision of social housing by government agencies, philanthropic groups and not-for-profit entities has always been an exception to the free-market economy, where intervention and subsidisation is frequently the only way to meet demand. There is a need for additional social housing in the Wimmera but the more pervasive need is for affordable housing, and for land and housing choices which extend across differing market segments.

Both the recent Commonwealth and Victorian State budgets show a much greater willingness, or perhaps acknowledged need, to intervene in economic activities which have been largely the domain of the private and community sectors in the past. Intervening in the Wimmera Southern Mallee regional housing market with innovative solutions and an active involvement by local government has never been more justified than in 2020 and in the continuing aftermath of COVID 19 over at least the next 3-5 years.

Some potential intervention approaches recommended for immediate action are:

- Model 1: Collaboration between community retirement housing groups and local councils
 - Model 2: Formation of community housing investment groups across multiple towns
 - Amending Council planning schemes and town masterplans to provide more areas for future residential development
 - Advocacy for reductions to, or replacement of, stamp duties on property transfers.
 - Council incentives for developers, businesses and incoming residents to purchase properties.
- **Attracting Skills in Residential Design and Construction.** There are clear shortages in land development, design, engineering and building in the Wimmera Southern Mallee. In late 2020 almost all regional building businesses reported that they are fully committed for the next two years. Home buyer incentive schemes and the newly announced Victorian Big Build social housing program are welcomed, but they will add to the difficulties and time delays in regional housing projects. Increased training and apprenticeship opportunities and further business attraction in the building sector will be one of the barriers to overcome in addressing housing shortages over, at least, the next five years.

In Horsham Rural City there are healthy volumes of residential blocks earmarked to cater for future growth. Council is confident there 20-30 years supply available when required which will meet the projected demand of 80 to 100 new dwellings per year. Despite the expected adequate supply there are significant development issues in Horsham relating to:

- Timeliness of development, planning and building processes.
 - Insufficient local residential design and engineering providers.
 - Shortages of builders and skilled staff for building businesses.
 - Insufficient rental accommodation across most sectors.
- **Establishing an Adequate and Effective Rental Housing Stock.** Lack of rental accommodation in the region is extreme. While the overall ratio of 'rental to owned' is low in the region (less than 20% in all WSM municipalities except Horsham and Northern Grampians, and as low as 16.9% of all occupied housing in Yarriambiack Shire, compared with 27.5% as the Victorian average) this simple comparison is misleading. A large proportion of rented properties in the Wimmera have tenants who are family members or are other personally known owners, not typical private or public sector rental investors/landlords.

An effective rental housing stock is necessary for the economic development initiatives in the region's pipeline to be realised, and to assist existing businesses to grow and sustain their competitiveness. The shortages extend to suitable rental properties for:

- o Key staff and professional staff
 - o New and transitioning staff
 - o Older aged residents
 - o Emergency, seasonal and itinerant workers.
- **Regional Land Use Planning.** All WSM Councils need land use plans which encompass available housing, zoning, infrastructure, and ready land. Land use planning and strategy should be part of all annual Council Plans. Preferably these would reflect ambitious but achievable economic development targets with accompanying identified land and set aside as the building block for future development in order to streamline development. It would be useful for land terminology to be consistent across WSM Councils and for them to participate in a region-wide Land Use Strategy project.
- **Further Housing Assessment with Practical Outcomes.** Work in this project has revealed a greater level of complexity in regional housing issues than anticipated. The research has demonstrated that housing, and the component sub-sectors, is among the most important factors affecting future economic development in the Wimmera Southern Mallee and action is required to shift it from a barrier to an enabling factor.

1. SCOPE OF THE PROJECT

Housing availability, quality and choice are constantly raised by community groups and businesses throughout the Wimmera Southern Mallee as among the most significant issues in stemming population decline and creating economic development opportunities in the region. There are regular and pervasive anecdotal comments about housing as a blockage to development, but some sound evidence combined with local intelligence on housing and a review of the real future outlook all needed to be quantified. This Housing Review project has attempted to address this need, and this report documents the results.

The purposes of this project were

- To develop a quantitative and qualitative information base on the current housing market in the Wimmera Southern Mallee region.
- To measure housing stock availability, quality and outlook by location for both rent and purchase.

The project was designed and undertaken by Wimmera Development Association with support from Street Ryan, during July to November 2020. Research and assessments have been made across the local government areas of Horsham Rural City, and the Shires of Buloke, Hindmarsh, Northern Grampians, West Wimmera and Yarriambiack.

Project activities have included structured discussions with over 50 stakeholders in local government authorities, other government agencies, real estate, building and construction sectors, community organisations, and other some employing businesses. Quantitative data from Councils, the Australian Bureau of Statistics, Valuer General's Department and a range of publications have been referenced. Projection scenario projections for population and housing demand have been generated and reported as part of the project.

Sections in this document are structured around:

- Past trends and current snapshots for each WSM local government area and the region's main towns
- Summary discussion of comments and issues raised by interviewed stakeholders
- Projections of population and housing demand.
- Proposed future directions and actions to unlock/change the region's housing issues.

2. REGIONAL HOUSING ANALYSIS

2.1 DEMOGRAPHIC AND HOUSING TRENDS

Human habitation in Victoria's Wimmera Southern Mallee spans at least 1,600 generations. For all but the last 10 of these generations, Aboriginal tribal groups controlled tracts of land and sustained populations living in balance with the available sources of food and water. When migratory lifestyles were the norm, mobility helped the people to live throughout cycles of droughts and floods. Until recently, there had been little recognition of the permanent and semi-permanent settlements of the traditional owners of the land.

In the 1840s, an economy built around indigenous plants and animals rapidly gave way to the exploitation of pastures for livestock production and land for cropping. A century later, the region was transformed with a network of towns, moulded by railway and road networks, and a diverse cropping industry of cereals, pulses and oilseeds. The last 50 years has seen rationalisation of large public enterprises, farm aggregation and agricultural automation, and a shift in the economic base towards service industries. These events have resulted in towns with considerable infrastructure that has been under-utilised by a regional population base which has not expanded for more than a half-century. The housing base however has expanded enormously.

The Victorian Central Planning Authority's 1961 Resources Survey of the Wimmera Region reported a resident population of 49,840 persons (and at that time the region excluded the southern part of West Wimmera encompassing Edenhope, Goroke and Harrow and the northern and eastern parts of Buloke Shire encompassing Charlton, Wycheproof, Birchip and Sea Lake) with 12,118 occupied dwellings. In 2020, the population is around 54,200 and the number of occupied dwellings is about 24,200. This represents, over 60 years, a 4,400 increase in population, or 8.7% more residents, but 99.7% more occupied households. Overall, this is a change in average household size from 4.1 persons per dwelling to 2.2 persons per dwelling. Population size and change is fundamental to demand for housing but the relationship between them continues to change.

Wimmera region building approvals for new houses reached 132 in 2019-20, 75 in Horsham Rural City as well as a further 7 units/flats developments (valued at \$1.55 million), and an average of 10 new houses in the region's five Shires, as summarised in Table 2.1.

Serviced residential land sales in 2019 averaged \$115,000 in Horsham and an estimated \$25,000 in other municipalities in the region¹.

Table 2.1 New Housing Activity: WSM 2019-20

	New houses	New other residential building	Total dwellings	Value of new houses (\$000)	Average per house (\$000)
Buloke Shire	10	0	10	3,590	359
Horsham Rural City	75	7	82	27,429	366
Hindmarsh Shire	14	0	14	4,581	327
Northern Grampians Shire	21	0	21	6,157	293
West Wimmera Shire	4	0	4	1,682	421
Yarriambiack Shire	8	0	8	2,295	287
Total	132	7	139	45,734	346

¹ Victorian Valuer General (2020) vacant land sales by town

SOURCE: Australian Bureau of Statistics Building Approvals 2019-20

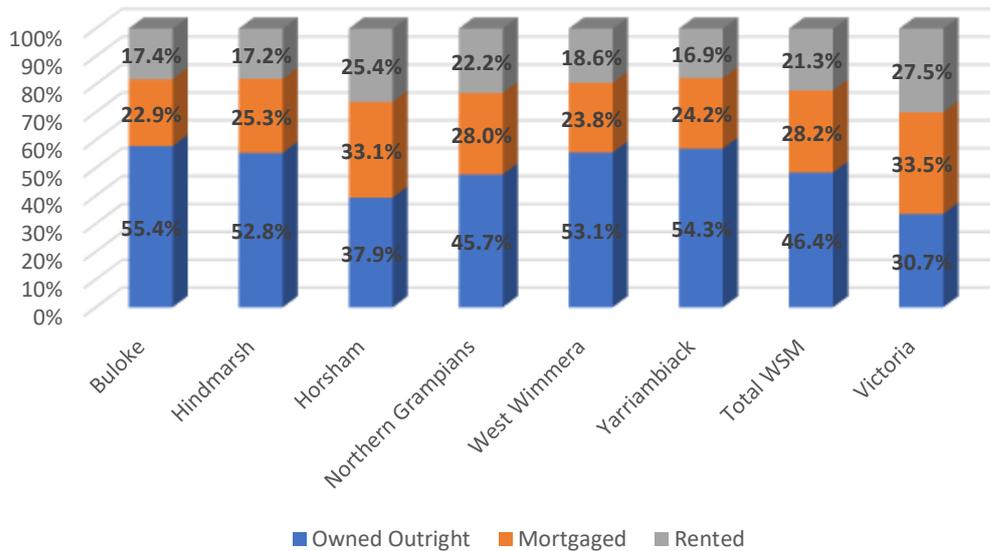
Figure 2.1 Dwelling Tenure in Wimmera Southern Mallee 2016 (%)

Figure 2.1 reveals clear differences between the region's housing tenure from Victorian averages and also the differences between the region's two largest municipalities and the other four shires. Outright home ownership exceeds 50% in Buloke, Hindmarsh, West Wimmera and Yarriambiack Shires, while it is 46% in Northern Grampians and 38% in Horsham Rural City. The Victorian state average is 30.7%. The percentage of WSM region households with a mortgage is considerably lower than the Victorian average in every municipality except Horsham where the percentage is comparable with the state average.

Rental accommodation is widely reputed to be in short supply, critical short supply in some cases, and this is confirmed by the percentage of households renting properties. In the four less populated WSM municipalities the percentage of renting households is very low, ranging from 16.9% to 18.6%, with Horsham (25.4%) and Northern Grampians (22.2%) not so clearly below the Victorian average. However, the conjecture that the region has a small 'rental market' is best confirmed from details on the mix of landlord types, presented in Figure 2.2. This indicates that not only is rental housing stock lower in the Wimmera Southern Mallee region than Victoria as a whole, but the rental housing market is less commercially oriented. Indeed, only 42.8% of tenants have rental arrangements through the 'normal' managing agent/real estate agent relationship, and it is as low as 11.0% in West Wimmera and 15.3% in Buloke, compared with the Victorian average of 67.0%.

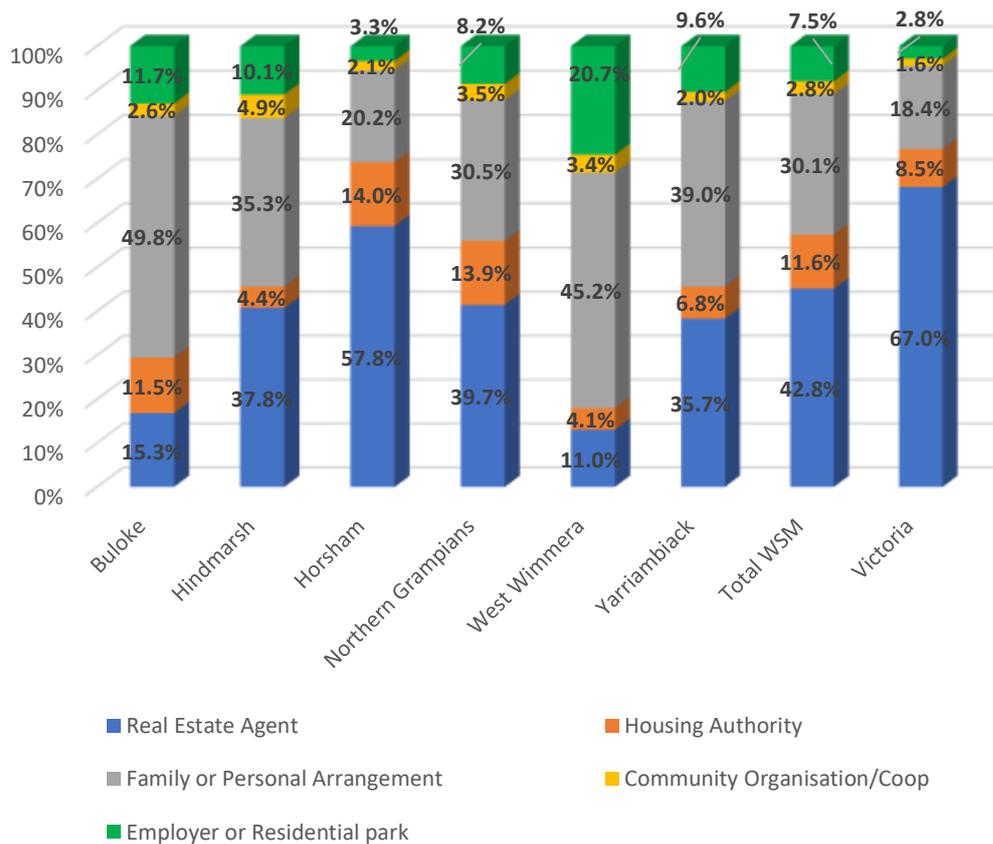
From one perspective, the small commercially oriented rental market situation is symptomatic of an insufficient supply of rental accommodation and too few investors, but is also evidence that some parts of the region have gained important experience in finding innovative solutions to their rental housing problem. In this respect Figure 2.2 reveals:

- A very large percentage of rental property tenants in the region have a personal relationship, or arrangement, with their landlord (who is a person with whom they have negotiated directly for their lease or is a parent or other family member of the tenant). Almost 50% of tenancies are in this category in Buloke Shire, and the percentage is high in West Wimmera, Hindmarsh, Northern Grampians and Yarriambiack. Some of these are undoubtedly 'arms-length' arrangements where the landlord is simply avoiding the costs of engaging a property managing agent but many are also properties where the landlord has the added security of

- investing in one or more rental properties already with a tenant in mind (sometimes a family member), knowing that the occupancy is secure.
- The region has more than triple the state average percentage of rented premises where the landlord is the tenant’s employer (or could be a ‘residential park’ owner, but this is negligible in the region) in Buloke, Hindmarsh, West Wimmera and Yarriambiack, and about triple the percentage in Northern Grampians.
- All municipalities in the region have a higher than average number of tenancies where the landlord is a community organisation or cooperative.

With these precedents, the region is well placed to embrace further innovative models for meeting future rental housing needs.

Figure 2.2 Rental Properties by Landlord Type 2016, Wimmera Southern Mallee



2.2 REGIONAL PERSPECTIVES

2.2.1 Public and Government Housing

Housing Victoria (DHHS), Grampians Community Health, Uniting Wimmera have a stock of residential properties (including those for 55+ years and aged care) across the region. While these are usually fully occupied, social housing issues remain. There are very few single units for younger people. The over 55 years cohort is easier to get into the system, but for younger families and individuals needing social housing there is scarce stock to assist. Uniting Care and the Salvation Army have a partnership in homeless and crisis accommodation and the need has been piqued by COVID 19.

Housing Victoria (part of the Department of Health and Human Services) owns dwelling stock for rent by eligible individuals and households in all six Wimmera Southern Mallee local government areas and an estimated total of 664 properties, mostly 1 and 2 bedroom homes with a few 3 bedroom dwellings and very limited numbers with 4 and 5 bedrooms. The greatest number of Housing Victoria properties in the region are in Horsham and Stawell.

There are waiting lists for Housing Victoria tenancies and in some towns the waiting times are long and eligible applicants do not register. Exact property numbers are fluid due to work-in-progress renovations, sales, purchases and transfers of some properties between support agencies, but the current estimates are:

- Horsham	357 properties
- Northern Grampians	155 properties
- West Wimmera, Hindmarsh and Yarriambiack	81 properties
- Buloke	71 properties

Aboriginal Housing Victoria (AHV) owns and manages public housing stock separate from Housing Victoria and AHV may have a small stock in the Wimmera Southern Mallee, mostly with stable, long-term tenants.

It is understood Housing Victoria has no plans to sell any of its properties and is working on a project to construct a further 1,000 homes (1 and 2 bedroom), some of which is likely to be replacements for existing poor stock. The Housing Victoria properties have 100% occupancy rates and this is only reduced if and when a property is being renovated or upgraded, which might mean a 2-8 weeks vacancy period. Major upgrades usually cost \$25-30,000 while tenancy transfers (exits and new arrivals) might incur minor repairs, painting and cleaning. If the extent of a required upgrade is too great, a replacement home might be built, or a demolition might be replaced with multiple units or apartments.

During the COVID 19 crisis there have been a lot of improvement works undertaken in the region; external works and use of stimulus packages for painting and roofing upgrades to properties. Wimmera South West has not been served as well as other areas due to low growth but is currently getting some good gains.

The recently announced Victorian Government “Big Build” social housing program commits to considerable new investment in the region: A minimum of \$15 million in Horsham and a potential allocation from a \$450 million budget in other parts of the region. The Big Build housing funding support is expected to be accessible to registered housing provider organisations and innovative partnerships (potentially between local government authorities and community organisations). Details of how the Big Build program will be structured in terms of provision of funding to innovative partnerships is yet to be determined, but it is hoped that one of the proposed housing delivery models discussed in this document may be an eligible applicant for social/affordable housing projects in the Wimmera Southern Mallee.

Housing Victoria is trying to utilise all its land assets in each area where there is strong demand. However, on a broad scale it is the bigger towns which have priority. Small towns, for example Beulah, where the department has a few properties and land but limited services and low demand, may well be a place where land could be made available for other uses. Of course, Housing Victoria prioritises housing provision where the tenants are also able to access other client services, transport, health etc. Horsham, Stawell, Hamilton all have stock being put forward for redevelopment.

Housing Victoria has a current policy preference to not establish their housing units in a dedicated area or suburb within towns, preferring to locate them a 'scattered' fashion across communities so both the dwellings and households are well integrated. The newer houses are of a good standard, energy smart and aesthetically attractive. One possible new Housing Victoria project in the region is the Searle Street development site in Horsham where 4-6 public sector units, and possible additional dwellings for elderly tenants is proposed.

Waiting times for public housing differ in response to the urgency and other circumstances of the applicants, giving priority to people at risk of homelessness and/or family violence situations. Until two years ago applicants were only allowed to rank 3 location options, now they can nominate up to 5 on the online Victorian Housing Register. There is a huge waiting list for 1 and 2 bedroom dwellings, 1-2 years is the standard. Regional areas are known to have a lot better communication with applicants in the metropolitan area, and this means issues can often be worked through to resolve or speed up the process.

Accommodation for older residents is not one of the areas in high demand for Housing Victoria, yet. As the population of towns continue to age this may become a focus but the public housing stock does not come with age-care services or transition to care options, so is not really fit for this tenancy group. At present the greatest demand is for 1 and 2 bedroom units for people in the 18-35 years (with dependents) bracket.

There is a 'building homes for homeless' project underway and the department is looking at suitable blocks and spot home purchases in the community. Over the last couple of years the Wimmera South West has not been rated as a growth area but more investment has come into the region in very recent times.

COVID 19 has caused minimal disruption for Housing Victoria, and the agency has acted appropriately where needed, but is not experiencing the same impact that private rental and sale have reported. The regional office has good communication with tenants and has kept on top of rental arrears.

The Victoria Department of Education has housing stock in the region, despite disposal of many dwellings in the past decade; a consequence of falling populations and declining teacher numbers. Considerable accommodation facilities remain. There is no known location in the region where a school principal cannot get accommodation through the department. For example, last year a newly appointed principal arrived to Beulah primary where the existing house had not been used for a few years so the department invested in upgrading the house and fitting it with new appliances.

Housing is one of the first questions raised when the department is recruiting new staff and all regional departmental housing is highly utilised at the moment, with no vacant housing. Nevertheless, some of the houses do need significant updates and resourcing. Potential teaching staff are deterred from applying for regional positions if they feel that there will be limited or sub-standard accommodation and other services.

There is no real Education Department incentive program to attract graduates, either singles or those with young families to move to regional areas. A quality attraction and retention policy could be put in place for multiple government agencies, with subsidised housing and support services like child-care as components.

2.2.2 Regional Real Estate Industry Perspectives

The COVID 19 pandemic has had a positive impact on the region's real estate market. People are genuinely considering moves to regional areas in greater numbers than ever noted before, from Melbourne. Across major provincial cities of Geelong, Latrobe, Bendigo, Ballarat, Horsham and all other regional areas, country agents have experienced the same heightened level of interest.

To facilitate enquiry from prospective new residents, WSM towns need to have good family holiday accommodation. This creates great holiday experiences and sews the seeds for possible future residential relocation.

More land needs to be unlocked for development and greater introduction of rural residential and lifestyle blocks of at least 2,000 to 4,000 square metres in area. Agents advise that for every rural lifestyle property that is brought to the market there are 10 prospective buyers.

2.3 POPULATION AND HOUSING DEMAND PROJECTIONS

Official Victorian Government population projections, known as Victoria in Future (VIF) projections, were last prepared for local government areas in June 2019. Understandably the VIF projections need to apply an accounts-based cohort-survival and migration methodology in order to distribute Victoria's total population across the State's 79 local government areas. These projections are therefore founded on a continuation of past trends over recent years (for births, deaths and domestic migration) and policy settings for international migration. The VIF assumptions in 2019 included:

- Total fertility rate to remain around 1.6 throughout the life of the projections. Local differentials are derived from ABS publication 3301.0, Births, Australia.
- Life expectancy at birth for males is expected to reach 86 years by 2056, and for females 88 years. Regional and local differentials are derived from ABS publication 3302.0 Deaths, Australia.
- Prior to the COVID crisis Victoria was receiving record numbers of overseas migrants, demonstrating the state's attraction as a destination for employment, education and lifestyle. The VIF projections assume that growth due to overseas migration will reduce from record levels but remain very strong by historical standards. The projections assume net overseas migration to Victoria will reduce from approximately 84,000 in 2018-19 to within the range 70,000 to 80,000 per annum until the end of the projection period.
- Net interstate migration to Victoria will be 8,000 per annum from 2019-20 to the end of the projection period.
- Intrastate migration is derived from age-specific regional migration flow trends. Net migration age profiles are based on implied net-migration by age in the 2016 Census of Population and Housing.

Of course, the VIF 2019 projections made no assumptions around the impact of the COVID 19 pandemic, which has decimated short-term international migration and is expected to change the dynamics of internal migration, with many commentators predicting a shift in migration towards regional areas of Victoria and Australia well above those evident from past trends. Whether this extends to towns in the Wimmera is open to conjecture, however real estate agents and other interviewed stakeholders report that, since the onset of the COVID 19 crisis, the level of sales and sales enquiry from buyers (and renters) outside the region has escalated beyond any previous period.

Local Government housing policies and planning schemes which assume a relatively unchanged continuation of past trends are not conducive to economic development and, at least in part, have contributed to the current unhealthy state of the regional housing market. These policies tend to not consider that proactive intervention in economic development through local community actions,

investment attraction or the activation of new opportunities could change the jobs, population and housing demand outlook.

Achievement of no more than the Victoria in Future population projections may still prove to be the ultimate result, but planning for, and facilitating, more jobs, more housing and new migrating residents should surely be the target. If not, the “past trends projections” can be ‘self-fulfilling’ because they lead to limited provision for future demand, and opportunities for attracting investment and residents are lost.

In this housing research project there has been concurrence among the interviewed stakeholders (encompassing Council staff, community leaders, building and real estate industry professionals, and community organisations) that housing in at least some sectors is in short supply, or even critically short supply, in virtually all Wimmera townships. Yet, the accepted projections and planning provisions suggest there is no rationale to plan for residential land beyond in-fill of existing town sites and very little demand for net-new dwellings in the majority of the region’s towns.

In the projections of population and housing demand presented in this document, two scenarios have been developed for each local government area:

- Scenario 1 assumes a continuation of the most recent population trends (including the ABS intercensal estimated resident populations since the 2016 Census). In most cases, these projections produce results that are similar to, or slightly greater than, those in the VIF 2019 projections.
- Scenario 2 assumes a continuation of existing birth and death rates and age-sex migration profiles, but with the addition of each local government area achieving net-new job creation which will result from known or expected industry developments in key sectors that are part of work programs of the Councils’ economic development units and/or are being pursued by known investors and business owners.

In every case Scenario 2 produces results which indicate a regular demand for new residential dwellings at a level which will require planning for new land subdivisions, accessing existing vacant sites and new building development projects. It is suggested that Scenario 2 should be adopted as Local Council targets for housing development over the next decade.

Adopting the Scenario 2 targets should address the volume of housing needed to accommodate demand and growth in the Wimmera. However, meeting the needs of all segments within the housing market is more complex, and innovative models are proposed to address some of these needs and to act as demonstration initiatives which can be further modified to meet the needs of other segments.

Demographic and housing demand projections prepared in this review demonstrate that even the partial² achievement of job and flow-on population targets based on known and anticipated economic development outcomes, would generate demand for housing substantially higher over the next 10 years than those suggested by past trends. With a continuation of past trends (Projection Scenario 1) annual housing demand is estimated to be 88 new dwellings per annum during 2021 to 2030. The more ambitious, but still considered conservative, Projection Scenario 2 produces estimates of 317 dwellings per annum. The approximate nature of this demand is further estimated as 230 new dwellings per annum for sale to ‘buying households’ and 87 new dwellings per annum for ‘renting households’ (including short-term and social housing tenants).

² “Partial achievement” means the projections have been conservative in the calculated job and flow-on population targets that are expected in each municipality, varying between 50% and 80% of expectations for realising economic development outcomes that are in the pipeline.

If vacancy rates for properties, which are high throughout the region, could be reduced by making it attractive for owners (especially older aged owners and other absentee owners) to release their properties to either sale or rental markets, the demand for new dwellings would reduce, although probably replaced by existing dwellings in need of restoration, alterations or additions.

2.4 FUTURE DIRECTIONS AND IMPLEMENTATION ACTIONS

2.4.1 Pervasive Housing Issues

The extent of agreement that housing is inhibiting liveability and economic strength of towns in the Wimmera Southern Mallee is overpowering.

There are well-known variations in town sizes, locations, and economic base, across the Wimmera Southern Mallee. Irrespective, there are common and wide-ranging housing issues:

- There are shortages of residentially zoned and serviced land for sale.
- Existing housing stock is often the wrong mix for ageing populations and not conducive to attracting new residents, and in many cases vacant dwellings are not even available to the market.
- Incentives are needed for residential development, businesses and new residents to overcome perceived potentially poor returns on investment.
- Zoning and planning provisions for future residential development land should be more ambitious; offering greater range and choice.
- There is inadequate low-cost housing and social housing, including emergency/crisis accommodation but more frequently housing for seasonal and itinerant workers
- Rental housing is in short supply throughout the Wimmera Southern Mallee region and in several locations the shortage is critical, impacting on the ability to house staff for businesses, public sector agencies and community organisations. The proportion of private sector rental housing in the region is low by any measure.
- One or more Development Facilitation Taskforces could be established to create a sense of urgency in planning processes and to convey a 'can do' and 'open for business' attitude in the region.

- With so many new economic development projects, involving new employment, in the pipeline the region could benefit from engaging employers in the construction of workers accommodation (as Frewstal has done in Stawell). This does not necessarily mean employers need to buy houses (although it is one possibility, with employers providing initial housing which can eventually be sold to employees), but to work with investors by demonstrating they can guarantee tenants or buyers for, say 20-30 dwellings over the next 5 years.
- The region is hamstrung by a history of little capital gain in property. Capital investment tends to gravitate to where good capital returns are achieved. This market force is beyond the control of Wimmera Southern Mallee stakeholders but, as a region it can be at least partly offset by taking out some of the costs and making investment easier and faster, to de-risk projects.

2.4.2 Strategic Directions

The following strategic direction suggestions are not comprehensive responses to the region's housing issues, part they are presented for consideration and to form a basis for actions which will begin to address the region's housing issues.

Setting Realistic Housing Demand Targets

There have been sporadic housing studies, planning reviews, and strategies over the past 5 to 10 years for the region and its constituent local government areas. There is a pervading theme through these assessments that ‘not much will change’ and that the region’s path will continue in line with previous trends, namely slow population growth in Horsham Rural City and ongoing decline elsewhere. While these assumptions may ultimately prove correct, 2020 and the next few years is the right time to pursue a more ambitious and proactive future for the region. There are a confluence of factors suggesting the time is right for an assertive and interventionist approach to the housing market in particular:

- The ‘opportunity’ presented by the COVID 19 pandemic recovery, which has already generated unparalleled enquiry and demand for residential property in the region during 2020.
- Known economic development initiatives, stimulus and activity in the investment pipeline.
- Very recent performance of the housing market and demographic indicators (reported by the Australian Bureau of Statistics) indicate a break from past trends.
- Interest rates are low, as are financial dividends from most secure investments, so the returns to be expected from an innovative real estate project in the Wimmera Southern Mallee probably do not need to be as attractive as times when there is rapid economic growth.

A consequence of adopting business-as-usual strategies is that local government housing policies and planning schemes tend to not consider that proactive intervention in economic development through local community actions, investment attraction or the activation of new opportunities could change the jobs, population and housing demand outlook. This approach to zoning and planning for residential development appears to be founded in a state-wide methodology used by DHHS in relying entirely on land take-up and residential building activity over the past years or decade as the prime indicator of likely future demand. The Victoria in Future population projections tend to use a similar approach for net-migration in Wimmera Southern Mallee areas. These projections can be a ‘self-fulfilling’ because they lead to limited provision for future demand, and opportunities for attracting investment and residents are lost.

Housing as Part of the Liveability Equation

There is recognition that availability of suitable housing, and housing choices, is part of a bigger bundle of facilities and services to engender vibrant towns, attractive residential areas, and a level of growth to sustain the communities and retain infrastructure and assets. The feedback compiled in this housing review has confirmed that housing is unquestionably the most pressing issue to be addressed among all the facility and service needs in Wimmera region towns. The nature of the ‘housing issue’ varies somewhat in specifics from town to town, but rental properties, affordable housing, suitable land choices and higher-quality and cost housing tend to be quite ubiquitous across the region. Freeing up vacant land and premises to the market is also an increasingly critical issue, by removing disincentives for people to sell or derive an income (due to the impact on pension entitlements or transfer costs).

WSM towns have key liveability strengths in sporting and recreational facilities, cultural and environmental assets, general health services, quality primary and secondary education, and active and connected communities. Significant weaknesses in the liveability ‘bundle’ for WSM towns are child-care, specialist health-care, transition to retirement and quality aged-care options. Town centres with adequate retail and food service businesses are increasingly becoming liveability essentials. Town centre revitalisation projects, embedding a greater ‘service philosophy’ in town businesses, and continuing the momentum on creating tourist visitor experiences will all have a flow-on impact on, and complement, liveability in WSM towns.

Jobs remain the dominant factor in residential location decisions but advances in technology and COVID 19 have proven that many jobs do not need to be location specific. Even if working as part of a team centred in a metropolitan or provincial city, the need for physical presence can be reduced to a weekly or fortnightly schedule. Regional towns that offer enhanced liveability in the wake of COVID 19 are widely tipped to attract new residents, and the real estate industry feedback in 2020 strongly supports this expectation.

Horsham Rural City and Northern Grampians Shire are possibly best placed to offer the ‘full liveability package’ at present. This package includes housing choices and housing value, health care, child-care, metropolitan standard food services (cafés and restaurants), sport/leisure/recreation facilities, retailing and cultural attractions. Tight knit communities are also very important residential attractors, and this is an area where WSM towns have long held a competitive advantage.

The Wimmera Southern Mallee landscape, climate and physical environment does not appeal to all. Indeed, the fact that 85% of Australia’s population lives within 50 kilometres of a coastline loudly confirms the nation’s love of the sea. Added to this sobering statistic is that the national population is headed for a decline, not growth, for at least the next couple of years from the fallout of the COVID 19 pandemic. But the inland has its attractions and there are an expanding number of examples of inland cities and towns which have reversed declining or slow growing populations and are now on a growth path. Examples of inland provincial cities which have become growth areas are Toowoomba, Orange, Albury-Wodonga, Bendigo and Ballarat, while a few examples of smaller satellite inland rural towns which have reversed declines are Bungendore, Millthorpe, Yackandandah, Beechworth, and Beaufort. In every case the reason for this reversal has been perceived great liveability in these towns, not just job creation.

Intervention in the Housing Market

When is it appropriate for government and/or community-based organisations to intervene in the regional housing market? It is reasonable for governments and communities to take a role in housing (and in other activities affecting their towns) when the private sector is either unable or unwilling to act.

Australia’s economy has become dominated by free-market thinking, allowing regional towns to grow or decline depending on their ‘regional comparative strengths or weaknesses’ with market forces dictating the winners and losers. Intervention to change these market forces has been rare, until the most conspicuous set of interventions ever implemented, in the 2020 COVID 19 pandemic.

Even with the free-market approach, government decisions on infrastructure investments can strongly help, or hinder, growth in regional areas. Many private sector developers will choose their investment locations in centres where infrastructure is provided ahead of demand rather than in response to demand. In this respect, government infrastructure provision is one of the key market forces affecting regional development.

Will the COVID 19 pandemic deliver a trend towards increased population growth in regional Victoria? There have only been two periods since Australia’s Federation in 1901, when the population of regional Victoria has exceeded metropolitan Melbourne. These periods were during the Great Depression years (1931 to 1934) and then for a more extended period during 1977 to 1986. Throughout the 115 years 1901-2016 Regional Victoria has recorded an average annual increase in population of 0.63%, approximately one-third of the Melbourne metropolitan growth rate (1.97% per annum). Many commentators expect the mid to late 2020s will be the third time regional Victoria’s growth outstrips the rate in its capital city.

Buoyed by the prospect that large swathes of regional Australia and Victoria could become residential locations of choice in the aftermath of COVID 19 (and enhanced by improved communications and other information technologies), Wimmera regional stakeholders now believe the time is right to intervene in the regional housing market through innovative models for land subdivision, retirement and other accommodation for the aged, and rental housing. Provision of social housing by government agencies, philanthropic groups and not-for-profit entities has always been an exception to the free-market economy, where intervention and subsidisation is frequently the only way to meet (or partially meet³) demand. There is a need for additional social housing in the Wimmera but the more pervasive need is for affordable housing, and for land and housing choices which extend across differing market segments; short-term/long-term, owned/rented, single/couple/family, aged care/active retiree, etc.

Both the recent Commonwealth and Victorian State budgets show a much greater willingness, or perhaps acknowledged need, to intervene in economic activities which have been largely the domain of the private and community sectors in the past. Intervening in the Wimmera regional housing market with innovative solutions and an active involvement by local government has never been more justified than in 2020 and in the continuing aftermath of COVID 19 over at least the next 3-5 years.

Some potential intervention recommended for immediate action are:

- Model 1: Collaboration between community retirement housing groups and local councils
- Model 2: Formation of community housing investment groups across multiple towns
- Amending Council planning schemes and town masterplans to provide more areas for future residential development
- Advocacy for reductions to, or replacement of, stamp duties on property transfers with a land tax which would have two important benefits:
 - o It would replace a highly distortionary tax with an efficient, stable long-term revenue stream for the State Government.
 - o It would help asset-rich/income-poor home-owners who would only begin to pay the land tax when they buy a property, and only if they choose not to pay the property transfer duty.

There are many costs involved in buying property and moving house; agents fees, property inspections, bank facility fees, conveyancing, removal (packing, transport, unpacking), change of address, changes of service providers (including medical, schools, club membership, etc). High stamp duty costs reduce the inclination of households to move home. A land tax could operate in a similar fashion to Council rates, paid annually and a small proportion of the value of the property compared with a stamp duty of 5%+ of the property purchase price.

- Council incentives for developers, businesses and incoming residents to purchase properties. Typical assistance could be waiving of fees, deferring rates or rate holidays for developers, and end-to-end streamlining of planning processes (which includes all the statutory authorities, such as GWMWater, Wimmera CMA, CFA, etc, not just Council).

Attracting Skills in Residential Design and Construction

There are clear shortages in land development, design, engineering and building in the Wimmera Southern Mallee. In late 2020 almost all regional building businesses reported that they are fully committed for the next two years. Finding designers and builders from outside the region to work on local projects is not necessarily the solution, because a knowledge of local conditions and requirements is important. Home buyer incentive schemes and the newly announced Victorian Big Build social housing program are welcomed, but they will add to the difficulties and time delays in regional housing projects. Increased training and apprenticeship opportunities and further business

³ Supply of adequate social housing is typically well below meeting needs.

attraction in the building sector will be one of the barriers to overcome in addressing housing shortages over, at least, the next five years.

In Horsham Rural City there are healthy volumes of residential blocks earmarked to cater for future growth. Council is confident there 20-30 years supply available when required which will meet the projected demand of 80 to 100 new dwellings per year. Despite the expected adequate supply there are significant development issues in Horsham relating to:

- Timeliness of development, planning and building processes.
- Insufficient local residential design and engineering providers.
- Shortages of builders and skilled staff for building businesses.
- Insufficient rental accommodation across most sectors.

Establishing an Adequate and Effective Rental Housing Stock

Lack of rental accommodation in the region is extreme. While the overall ratio of 'rental to owned' is low in the region (less than 20% in all WSM municipalities except Horsham and Northern Grampians, and as low as 16.9% of all occupied housing in Yarriambiack Shire, compared with 27.5% as the Victorian average) this simple comparison is misleading. A large proportion of rented properties in the Wimmera have tenants who are family members or are other personally known owners, not typical private or public sector rental investors/landlords.

An effective rental housing stock is necessary for the economic development initiatives in the region's pipeline to be realised, and to assist existing businesses to grow and sustain their competitiveness. The shortages extend to suitable rental properties for:

- Key staff and professional staff – executive positions
- New and transitioning staff – short-term appointments
- Aged residents (both for permanent occupancy and transitioning to downsized housing)
- Emergency, seasonal and itinerant workers.

Regional Land Use Planning

All WSM Councils need land use plans which encompass available housing, zoning, infrastructure, and ready land. Land use planning and strategy should be part of all annual Council Plans. Preferably these would reflect ambitious but achievable economic development targets with accompanying identified land and set aside as the building block for future development in order to streamline development.

It would be useful for land terminology to be consistent across WSM Councils and for them to participate in a region-wide Land Use Strategy project.

- **Further Housing Assessment with Practical Outcomes.** Work in this project has revealed a greater level of complexity in regional housing issues than anticipated. The research has demonstrated that housing, and the component sub-sectors, is among the most important factors affecting future economic development in the Wimmera Southern Mallee and action is required to shift it from a barrier to an enabling factor. Further housing project work should be focussed around:
 - o Revisiting the initial population and housing demand targets in this document based on an agreed pipeline of economic development activities for each WSM local government area. The projections would also incorporate residential location modelling.
 - o Implementation of at least two of the recommended intervention in the housing market approaches/models (including creation of a suitable ownership and investment structure, and business cases for the first stage of housing construction or acquisition for both selected models).

2.4.2 Initial Implementation Actions

Model 1: Collaboration between community retirement housing groups and local councils

Steps and elements for this model are:

- ❖ Select 3-5 towns in the region to participate in each initiative. For convenience and ease of management these could be all in the same local government area, but if the asset base and success of the initiative becomes proven, multiple local government areas could be involved in mutually agreed groups. Ultimately a single regional 'umbrella' committee structure could be established with town-based sub-committees each managing their own property portfolio.
- ❖ Establish or engage (if already in existence) Retirement/Aged Housing Committees as 'Community Assets Committees' of the respective Local Councils. Under this structure ownership of residential dwellings (houses or units) will remain with Council. The Committee will have delegated authority in managing the units, essentially operating as a head-tenant and property manager for the complex (and maybe considered the equity holder in the asset to take ownership from Council at an appropriate time) or are paid the equity when properties are sold. The Committee should also be the decision maker in requesting when units should be sold by Council.
- ❖ The selected Retirement Committees will include some with existing aged units that are unencumbered, have a history of sound economic viability, and are able to be used as security for any needed commercial loans. Any commercial loan for new units project will be taken out by the Committee, and the Councils would allow land and buildings to be used as security for the loan and, in addition, Council would be a guarantor for the loan.
- ❖ It is expected that for every 4-5 existing units owned and operated by the group of Aged Housing Committees would be sufficient to raise loan funds, and to service principal and interest repayments loan funds, for one new unit. Any cash, grant or philanthropic funds that the Committees can contribute to the project could increase the number of units. For example, a cash contribution of around \$150,000 would enable projects of two units instead of one. As a group of Committees, it should be possible to have at least one unit development project in progress each year.
- ❖ Current capital development costs for rural WSM Shires (Buloke, Hindmarsh, West Wimmera and Yarriambiack) indicate that the capital costs of a project involving two units would be \$519,000 excluding land purchase.
- ❖ Most tenants would be pension recipients who are eligible for rental assistance that will substantially offset the required rent levels of around \$125 per week without creating housing cost stress (conventionally considered to occur when households pay more than 35% of their income on either rent or mortgage payments). Rent thresholds for claiming rental assistance, at present⁴ are:
 - \$62.30 per week for singles
 - \$100.90 per week for couples.

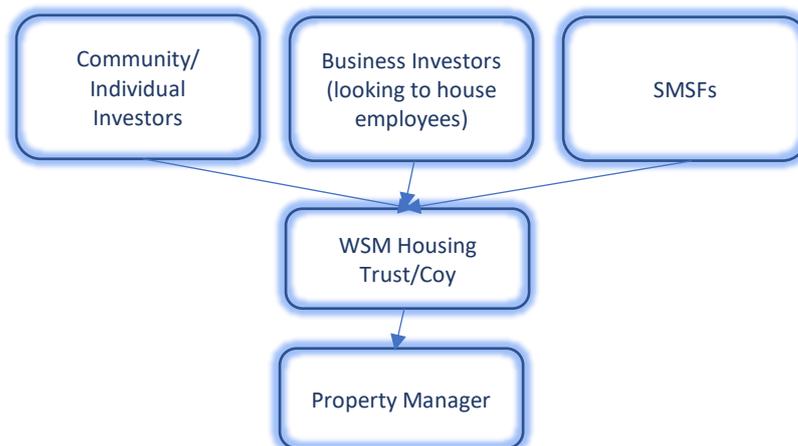
⁴ Rent thresholds are adjusted twice-yearly (in March and September) in line with cost of living movements.

Model 2: Community Housing ‘Trusts’⁵

All small Wimmera Southern Mallee towns have vacant dwellings. Reasonably simple negotiations by local community groups might enable a few of these properties to be freed-up for either new tenants or owners, or for acquisition by the Community Housing Trust.

This could include properties from deceased estates with minimal value, sentimental attachments, or an occasional underutilised get-away house. For those that are empty because the owner has moved to aged care, mechanisms for making them available to the housing trusts need to be canvassed and potentially could include:

- The owner remaining their interest in the dwelling as their ‘normal residence’ through equity in the housing trust.
 - A tenancy arrangement through the trust that is effectively recorded as a house-sitting scheme for which the boarding fee is paid to the trust, and the trust takes responsibility for maintenance and other operating costs of the property.
- ❖ The trust would acquire existing properties initially, to be renovated or given a makeover. Once well established, the trust may be able to build new dwellings.
 - ❖ Some existing properties could be acquired from older aged residents wishing to move into a retirement village/unit but does not want rental income or cash which might affect their pension entitlements/charges at the retirement village. The owner would sell the property in return for equity in the trust as their new ownership of a principal residence.
 - ❖ Opening this model to self-managed superannuation fund (SMSF) investors would make a significant difference to the potential pool of investors and needs to be fully explored.



A report completed by Verso Consulting for Rural Council’s Victoria⁶ noted that, “until 1986, the Commonwealth Government provided capital to support the development of older persons Independent Living Units (ILUs) to community organisation⁷. This scheme created a dwelling stock that still remains but which is reaching the end of its serviceable life. Cessation of the scheme and its replacement with the rental assistance scheme has resulted in the critical shortfall and negative impacts”.

⁵ Other structures could be considered, including proprietary companies or companies limited by guarantee depending on the investment arrangements

⁶ Verso Consulting 2020

⁷ From 1954 to 1986 the Commonwealth subsidised non-profit organisations for up to 50% of capital cost of older persons housing under the former Aged Persons Homes Act.